

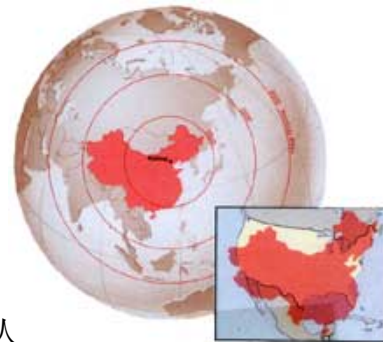
**COUNTRY PROFILE: CHINA****February 2005****COUNTRY**

**Formal Name:** People's Republic of China  
(Zhonghua Renmin Gonghe Guo). 中华人民共和国

**Short Form:** China (Zhongguo). 中国

**Term for Citizen(s)** Chinese (singular and plural) (Huaren). 华人

**Capital:** Beijing (Northern Capital). 北京



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**Major Cities:** Based on 2000 census data, the largest cities are the four centrally administered municipalities, which include dense urban areas, suburbs, and large rural areas: Chongqing (30.5 million), Shanghai (16.4 million), Beijing (13.5 million), and Tianjin (9.8 million). Other major cities are Wuhan (5.1 million), Shenyang (4.8 million), Guangzhou (3.8 million), Chengdu (3.2 million), Xi'an (3.1 million), and Changchun (3 million). China has 12 other cities with populations of between 2 million and 2.9 million and 20 or more other cities with populations of more than 1 million persons.

**Independence:** As the result of a revolution that broke out on October 10, 1911, on February 12, 1912, the Qing Dynasty (1644–1911) was formally replaced by the government of the Republic of China. The People's Republic of China was officially established on October 1, 1949.

**Public Holidays:** The official national holidays are New Year's Day (January 1); Spring Festival or Lunar New Year (movable dates—three days—in January and February), Labor Day (May 1), and National Day (two-day observance on October 1–2). Also commemorated are International Women's Day (March 8), Youth Day (May 4), Children's Day (June 1), Chinese Communist Party Founding Day (July 1), Army Day (August 1), and Teachers' Day (September 10).

**Flag:** The flag of China is red with a large yellow five-pointed star and four smaller yellow five-pointed stars (arranged in a vertical arc toward the middle of the flag) in the upper hoist-side corner. The color red symbolizes the spirit of the revolution, and the five stars signify the unity of the people of China under the leadership of the Chinese Communist Party. The flag was officially unveiled in Beijing's Tiananmen Square on October 1, 1949, with the formal announcement of the founding of the People's Republic of China.



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## HISTORICAL BACKGROUND

**Prehistory:** Hominid activity dates back 4 to 5 million years in China, and evidence has been found of early paleolithic hominids living some 1 million years ago. The remains of *Homo erectus* (Peking Man or *Sinanthropus pekinensis*), found southwest of Beijing in 1927, date from around 400,000 years ago. Some 7,000 neolithic sites (some as old as ca. 9000 B.C.) have been found in North China, the Yangzi (Changjiang or Yangtze) River Valley, and southeast coastal areas. These sites include a neolithic agricultural village in Shaanxi Province, dating from around 4500 B.C. to 3750 B.C., with a moat for security and evidence of wood-framed, mud and straw houses, colored pottery, slash-and burn farming, and dead buried in nearby cemeteries. The oldest neolithic city found in China was uncovered by archaeologists in Henan Province and dates back to between 4,800 and 5,300 years ago.

**Early History:** The first recognized dynasty—the Xia—lasted from about 2200 to 1750 B.C. and marked the transition from the late neolithic age to the Bronze Age. The Xia was the beginning of a long period of cultural development and dynastic succession that led the way to the more urbanized civilization of the Shang Dynasty (1750–1040 B.C.). Hereditary Shang kings ruled over much of North China, and Shang armies fought frequent wars against neighboring settlements and nomadic herders from the north. The Shang capitals were centers of sophisticated court life, and the king was the shamanistic head of the ancestor- and spirit-worship cult. Intellectual life developed in significant ways during the Shang period and flourished in the next dynasty—the Zhou (1040–256 B.C.). China's great schools of intellectual thought—Confucianism, Legalism, Daoism, Mohism, and others—all developed during the Zhou Dynasty.

From its earliest origins, China's history has been one of migration, amalgamation, and development that brought about a distinctive system of writing, philosophy, art, and social and political organization and civilization with continuity over the past 4,000 years. Since the beginning of recorded history (at least since the Shang Dynasty), the people of China have developed a strong sense of their origins, both mythological and real, and kept voluminous records concerning both. It is as a result of these records, augmented by numerous archaeological discoveries in the second half of the twentieth century, that information concerning the ancient past, not only of China but also of much of East, Central, and Inner Asia, has survived.

**The Imperial Period:** Over several millennia, China absorbed the people of surrounding areas into its own civilization while adopting the more useful institutions and innovations of the conquered people. Peoples on China's peripheries were attracted by such achievements as its early and well-developed ideographic written language, technological developments, and social and political institutions. The refinement of the Chinese people's artistic talent and their intellectual creativity, plus the sheer weight of their numbers, has long made China's civilization predominant in East Asia. The process of assimilation continued over the centuries through conquest and colonization until what is now known as China Proper was brought under unified rule. The Chinese polity was first consolidated and proclaimed an empire during the Qin Dynasty (221–206 B.C.). Although short-lived, the Qin Dynasty set up lasting unifying structures, such as standardized legal codes, bureaucratic procedures, forms of writing, coinage, and a pattern of thought and scholarship. These were modified and improved upon by the successor Han Dynasty (206 B.C.–A.D. 220). Under the Han, a combination of the stricter Legalism and the more

benevolent, human-centered Confucianism—known as Han Confucianism or State Confucianism—became the ruling norm in Chinese culture for the next 2,000 years. The Chinese also left an enduring mark on the people beyond their borders, especially those of Korea, Japan, and Vietnam.

Another recurrent historical theme has been the unceasing struggle of the largely agrarian Chinese against the threat posed to their safety and way of life by non-Chinese peoples on the margins of their territory. For centuries, most of the foreigners that China's officials saw came from or through the Central and Inner Asian societies to the north and west. This circumstance conditioned the Chinese view of the outside world. The Chinese saw their domain as the self-sufficient center of the universe, and they derived from this image the traditional (and still used) Chinese name for their country—Zhongguo, literally Middle Kingdom or Central Nation. Those at the center (*zhong*) of civilization (as they knew it), distinguished themselves from the “barbarian” peoples on the outside (*wai*), whose cultures were inferior by Chinese standards. For centuries, China faced periodic invasions from Central and Inner Asia—including major incursions in the twelfth century by the Khitan and the Jurchen, in the thirteenth century by the Mongols, and in the seventeenth century by the Manchu, all of whom left an imprint on Chinese civilization while heightening Chinese perceptions of threat from the north. Starting in the pre-Qin period, Chinese states built large defensive walls that, in time, came to form a “Great Wall.” The Great Wall is actually a series of non-connected walls, forts, and other defensive structures built or rebuilt during the Qin, Han, Sui (A.D. 589–618), Jin (1115–1234), and Ming (1368–1643) periods, rather than a single, continuous wall. The Great Wall reaches from the coast of Hebei Province to northwestern Gansu, officially 6,000 kilometers in length, although unofficial estimates range from 2,700 kilometers to as much as 50,000 kilometers depending on what is being measured.

The Tang (618–907) and Song (960–1279) dynasties represented high points of Chinese cultural development and interaction with distant foreign lands. The Yuan, or Mongol, Dynasty (1279–1368) was a period of foreign occupation but even greater interaction with other cultures. Despite these periods of openness, which brought occasional Middle Eastern and European envoys and missionaries, the China-centered (“sinocentric”) view of the world was largely undisturbed until the nineteenth century, when China's first serious confrontations occurred with the European nations. The Manchu had conquered China and established the Qing Dynasty (1644–1911), ushering in a period of great conquest and a long period of relative peace. When Europeans began arriving in increasing numbers, Chinese courtiers expected them to conduct themselves according to traditional tributary relations that had evolved over the centuries between their emperor and representatives of Central Asian states who came via the Silk Road and others who came from Southeast Asia and the Middle East via the sea trade. The Western powers arrived in China in force at a time of tremendous internal rebellion and economic and social change. By the mid-nineteenth century, China had been defeated militarily by superior Western technology and weaponry, and the government was faced with mounting rebellions. Facing dynastic breakdown and imminent territorial dismemberment, China began to reassess its position with respect to its own internal development and the Western incursions. By 1911 the millennia-old dynastic system of imperial government was brought down as a result of the efforts made during a half century of reform and modernization and, finally, revolution.

**Republican China:** The end of imperial rule was followed by nearly four decades of major socioeconomic development and social-political discord. The initial establishment of a Western-style government—the Republic of China—was followed by several efforts to restore the throne. Lack of a strong central authority led to regional fragmentation, warlordism, and civil war. On top of this came the invasion of Manchuria and China by Imperial Japan and the ensuing chaos of World War II and return to civil war. The main figure in the revolutionary movement that overthrew imperial rule was Sun Yatsen (1866–1925), who, along with other republican political leaders, endeavored to establish a parliamentary democracy. They were thwarted by warlords with imperial and quasi-democratic pretensions who resorted to assassination, rebellion, civil war, and collusion with foreign powers (especially Japan) in their efforts to grab power. A major political and social movement during this time was the May Fourth Movement (1919), in which calls for the study of “science” and “democracy” were combined with a new patriotism that became the focus of an anti-Japanese and antigovernment movement. Ignored by the Western powers and in charge of a southern military government with its capital in Guangzhou, Sun Yatsen eventually turned to the new Soviet Union for inspiration and assistance. The Soviets obliged Sun and his Guomindang (Nationalist Party). Soviet advisers helped the Guomindang establish political and military training activities. A key individual in these developments was Jiang Jieshi (1888–1975; Chiang Kai-shek in Yue dialect), one of Sun’s lieutenants from the early revolution days. But Moscow also supported the new Chinese Communist Party (CCP), which was founded by Mao Zedong (1893–1976) and others in Shanghai in 1921. The Soviets hoped for consolidation of the Guomindang and the CCP but were prepared for either side to emerge victorious. The struggle for power in China began between the Guomindang and the CCP as both parties also sought the unification of China.

Sun’s untimely death from illness in 1925 brought a split in the Guomindang and eventually an uneasy united front between the Guomindang and the CCP. Jiang Jieshi’s military academy trained a new generation of officers who would soon embark on the Northern Expedition. Zhou Enlai (1898–1976), who later become premier of China under the communists, was a political commissar at this academy. Jiang, who succeeded Sun Yatsen, broke with his Soviet advisers and with the communists but by 1927 was successful in defeating the northern warlords and unifying China. The years 1928 to 1937 are often referred to as the Nanjing Decade because of the national development that took place under Jiang’s presidency before World War II when China’s capital was in Nanjing (Southern Capital). The Northern Expedition had culminated in the capture of Beijing, which was renamed Beiping (Northern Peace). Thereafter, the Nanjing government received international recognition as the sole legitimate government of China.

With the 1927 split between the Guomindang and the CCP, the CCP began to engage in armed struggle against the Jiang regime. The Red Army was established in 1927, and, after a series of uprisings and internal political struggles, the CCP announced the establishment in 1931 of the Chinese Soviet Republic under the chairmanship of Mao in Jiangxi Province in south-central China. After a series of deadly annihilation campaigns by Jiang’s armies, the Red Army and the CCP apparatus broke out of Jiangxi and embarked on their epic 12,500-kilometer Long March of 1934–35 to a new stronghold in Shaanxi Province in the north. During the march, Mao consolidated his hold over the CCP when, in 1935, he became chairman, a position he held until his death in 1976.

Japan invaded Manchuria in 1931, established the puppet government of Manchukuo in 1932, and soon pushed south into North China. The 1936 Xi'an Incident—in which Jiang Jieshi was held captive by local military forces until he agreed to a second front with the CCP—brought new impetus to China's resistance to Japan. However, a clash between Chinese and Japanese troops outside Beiping on July 7, 1937, marked the beginning of full-scale warfare. Shanghai was attacked and quickly fell. An indication of the ferocity of Tokyo's determination to annihilate the Guomindang government is seen in the major atrocity committed by the Japanese army in and around Nanjing during a six-week period in December 1937 and January 1938. Known in history as the Nanjing Massacre, wanton rape, looting, arson, and mass executions took place. In one horrific day, some 57,418 Chinese prisoners of war and civilians reportedly were killed. Japanese sources admit to a total of 142,000 deaths during the Nanjing Massacre, but Chinese sources report upward of 340,000 deaths and 20,000 women raped. Japan expanded its war effort in the Pacific, Southeast, and South Asia, and by 1941 the United States had entered the war. With Allied assistance, Chinese military forces—both Guomindang and CCP—defeated Japan. Civil war between the Guomindang and the CCP broke out in 1946, and the Guomindang forces were defeated and had retreated to a few offshore islands and Taiwan by 1949. Mao and the other CCP leaders reestablished the capital in Beiping, which they renamed Beijing.

**People's Republic of China:** The communist takeover of the mainland in 1949 set the scene for building a new society built on a Marxist-Leninist model replete with class struggle and proletarian politics fashioned and directed by the CCP. The People's Republic of China was barely established (October 1, 1949) when it felt threatened by a possible attack from the United States, which was at war in North Korea, and elected to support its neighbor, the new communist state, the Democratic People's Republic of Korea. The Chinese People's Volunteer Army invaded the Korean Peninsula in October 1950 and, with its North Korean ally, enjoyed initial military success and then a two-year stalemate, which culminated in an armistice signed on July 27, 1953. During this time, China took control of Tibet. It also embarked on a political rectification movement against "enemies of the state" and "class struggle" under the aegis of agrarian reform as part of the "transition to socialism."

Periods of consolidation and economic development facilitated by President Liu Shaoqi (1898–1969) and Premier Zhou Enlai were severely altered by disastrous anti-intellectual (such as the Hundred Flowers Campaign, 1957), economic (the Great Leap Forward, 1958–59), and political (the Great Proletarian Cultural Revolution, 1966–76) experiments directed by Mao Zedong and his supporters. During this time, China broke with the Soviet Union by 1959, fought a border war with India in 1962, and skirmished with Soviet troops in 1969. In 1969 Mao anointed Lin Biao (1908–71), a radical People's Liberation Army marshal, as his heir apparent. By 1971 Lin was dead, the result of an airplane crash in Mongolia following an alleged coup attempt against his mentor. Less radical leaders such as Zhou Enlai and Vice Premier Deng Xiaoping (1904–97), who had been politically rehabilitated after his disgrace early in the Cultural Revolution, asserted some control, and negotiations were held with the United States, ending a generation of extreme animosity. The 1976 death of Mao brought an end to extremist influence in the party and the onset of pragmatic economic reforms and opening to the outside world under the leadership of Deng Xiaoping and his supporters.

Reform-era activities began in earnest in 1978 and eventually made China one of the largest world economies and trading partners as well as an emerging regional military power. The Four Modernizations (agriculture, industry, science and technology, and national defense) became preeminent forces within the party, state, and society. The well-being of China's people increased substantially, especially along coastal areas and in urban areas involved in manufacturing for the world market. And yet, the so-called "fifth modernization"—politics—occurred at too slow a pace for the emerging generation. China's incipient democracy movement was subdued at the same time as China's economic reforms were launched, in 1978–79. As Deng consolidated his control of China, the movement rose to the fore again in the mid-1980s, and pro-reform leaders were placed in positions of authority. Zhao Ziyang (1919–2005) was premier, and Hu Yaobang (1915–1989) was CCP general secretary. Deng himself never held a top position and was satisfied with being the "power behind the throne." The democracy movement, however, was violently suppressed by the military in the 1989 Tiananmen incident.

In the years after Tiananmen, conservative reformers led by Deng protégé Jiang Zemin (who became president of China, chairman of both the state Central Military Commission and party Central Military Commission, and general secretary of the CCP) endured and eventually overcame world criticism. Deng went into retirement, and the rising generation of technocrats ruled China and oversaw its modernization. Political progress gradually occurred. Term limits were placed on political and governmental positions at all levels, and succession became orderly. Elections involving several candidates for the same position began to take place at the local level. Tens of thousands of Chinese students went overseas to study; many returned to participate in the building of modern China, some to become millionaires in the new "socialist economy with Chinese characteristics." As a sign of its emerging superpower status, in October 2003 China launched its first man into space, on a 14-orbit, 22-hour journey. Plans for a second launch were later announced for 2005. As the twenty-first century began, a new generation of leaders emerged and gradually replaced the old. Position by position, Jiang Zemin gave up his leadership role and by 2004 had moved into a position of elder statesman, still with obvious influence exerted through his protégés who were embedded at all levels of the government. The "politics in command" of the Maoist past were often subliminal but still present as technocrat Hu Jintao emerged—by 2004—as the preeminent leader (president of China, chairman of both the state Central Military Commission and party Central Military Commission, and general secretary of the CCP) with grudging acceptance by Jiang and his supporters.

## GEOGRAPHY

**Location:** Usually described as part of East Asia, China is south of Mongolia and the Siberian land mass, west of the Korean Peninsula and insular Japan, north of Southeast Asia, and east of Central and South Asia.

**Size:** China has a total area of nearly 9,596,960 square kilometers. Included in this total are 9,326,410 square kilometers of land and 270,550 square kilometers of inland



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lakes and rivers. From east to west, the distance is about 5,000 kilometers, from the Heilong Jiang (Amur River) to the Pamir Mountains in Central Asia; from north to south, the distance is approximately 4,050 kilometers, from Heilongjiang Province to Hainan Province in the south, and another 1,450 kilometers farther south to Zengmu Shoal, a territorial claim off the north coast of Malaysia.

**Land Boundaries:** China has a total of 22,117 kilometers of land boundaries with 14 other nations. These borders include: Afghanistan (76 kilometers), Bhutan (470 kilometers), Burma (2,185 kilometers), India (3,380 kilometers), Kazakhstan (1,533 kilometers), North Korea (1,416 kilometers), Kyrgyzstan (858 kilometers), Laos (423 kilometers), Mongolia (4,677 kilometers), Nepal (1,236 kilometers), Pakistan (523 kilometers), Russia (4,300 kilometers), Tajikistan (414 kilometers), and Vietnam (1,281 kilometers).

**Length of Coastline:** China's coastline extends 14,500 kilometers, from the border with North Korea in the north to Vietnam in the south. China's coasts are on the East China Sea, Korea Bay, Yellow Sea, and South China Sea.

**Maritime Claims:** China claims a 12-nautical-mile territorial sea, a 24-nautical-mile contiguous zone, a 200-nautical-mile exclusive economic zone, and a 200-nautical-mile continental shelf or the distance to the edge of the continental shelf.

**Boundary Disputes:** China is involved in a complex dispute with Malaysia, Philippines, Taiwan, Vietnam, and possibly Brunei over the Spratly (Nansha) Islands in the South China Sea. The 2002 "Declaration on the Conduct of Parties in the South China Sea" eased tensions but fell short of a legally binding code of conduct desired by several of the disputants. China also occupies the Paracel (Xisha) Islands, which are claimed by Vietnam and Taiwan, and asserts a claim to the Japanese-administered Senkaku Islands (Diaoyu Tai) in the Pacific Ocean. Most of the mountainous and militarized boundary with India is in dispute, but Beijing and New Delhi have committed to begin resolution with discussions on the least disputed middle sector. China's de facto administration of the Aksai Chin section of Kashmir (which is disputed by India and Pakistan) is the subject of a dispute between China and India. India does not recognize Pakistan's ceding lands to China in a 1964 boundary agreement. In October 2004, China signed an agreement with Russia on the delimitation of their entire 4,300-kilometer-long border, which had long been in dispute.

**Topography:** Mountains cover 33 percent of China's landmass, plateaus 26 percent, basins 19 percent, plains 12 percent, and hills 10 percent. Thus, 69 percent of China's land is mountains, hills, and highlands. China has five main mountain ranges, and seven of its mountain peaks are higher than 8,000 meters above sea level. The main topographic features include the Qingzang (Qinghai-Tibet) Plateau at 4,000 meters above sea level and the Kunlun, Qin Ling, and Greater Hinggan ranges. In the Himalaya Mountains, the world's highest, are Mount Everest at 8,848 meters and K-2 at 8,611 meters, shared with Nepal and Pakistan, respectively. The lowest inland point in China—the second lowest place in the world after the Dead Sea—is at Turpan Pendi, 140 kilometers southeast of Urumqi, capital of Xinjiang Uygur Autonomous Region, at 154 meters below sea level. With temperatures that have reached 49.6 C, it is also one the hottest places in China.

**Principal Rivers:** China has 50,000 rivers totaling some 420,000 kilometers in length and each having a catchment area of more than 100 square kilometers. Some 1,500 of these rivers each have catchment areas exceeding 1,000 square kilometers. Most rivers flow from west to east and empty into the Pacific Ocean. The major rivers are the Yangzi (Changjiang or Yangtze River), which rises in Tibet, flows through Central China, and, having traveled 6,300 kilometers, enters the Yellow Sea near Shanghai. The Yangzi has a catchment area of 1.8 million square kilometers. It is the third longest river in the world after the Amazon and the Nile. The second longest river in China is the Huanghe (Yellow River), which also rises in Tibet and travels circuitously for 5,464 kilometers through North China before reaching the Bo Hai Gulf on the north coast of Shandong Province. It has a catchment area of 752,000 square kilometers. The Heilongjiang (Heilong or Black Dragon River) flows for 3,101 kilometers in Northeast China and an additional 1,249 in Russia, where it is known as the Amur. The longest river in South China is the Zhujiang (Pearl River), which is 2,214 kilometers long. Along with its three tributaries, the Xi, Dong, and Bei—West, East, and North—rivers, it forms the rich Zhujiang Delta near Guangzhou, Zhuhai, Macau, and Hong Kong. Other major rivers are the Liaohe in the northeast, Haihe in the north, Qiantang in the east, and Lancang in the southwest.

**Climate:** Most of the country is in the northern temperate zone. There are complex climatic patterns ranging from the cold-temperate north to the tropical south, with subarctic-like temperatures in the Himalaya Mountains, resulting in a temperature difference of some 40°C from north to south. Temperatures range from -30°C in the north in January to 28°C in the south in July. Annual precipitation varies significantly from region to region, with a high of 1,500 millimeters annually along the southeastern coast and a low of fewer than 50 millimeters in the northwest. There is an alternating wet monsoon in the summer and a dry monsoon in winter. North China and southward are affected by the seasonal cold, dry winds from Siberia and the Mongolia Plateau between September/October and March/April. Summer monsoon winds bring warm and wet currents into South China and northward.

**Natural Resources:** China has substantial mineral reserves and is the world's largest producer of antimony, natural graphite, tungsten, and zinc. Other major minerals are bauxite, coal, crude petroleum, diamonds, gold, iron ore, lead, magnetite, manganese, mercury, molybdenum, natural gas, phosphate rock, tin, uranium, and vanadium. With its vast mountain ranges, China's hydropower potential is the largest in the world.

**Land Use:** Based on 2001 estimates, 15.4 percent (about 1.4 million square kilometers) of China's land is arable. About 1.2 percent (some 116,580 square kilometers) is planted to permanent crops. With comparatively little planted to permanent crops, intensive agricultural techniques are used to reap harvests that are sufficient to feed the world's largest population and still have some for export. An estimated 525,800 square kilometers of land are irrigated.

**Environmental Factors:** The major current environmental issues in China are air pollution (greenhouse gases and sulfur dioxide particulates) from reliance on coal that produces acid rain; water shortages, particularly in the north; water pollution from untreated wastes; deforestation; an estimated loss of 20 percent of agricultural land since 1949 to soil erosion and economic development; desertification; and illegal trade in endangered species. Deforestation has been a major contributor to China's most significant natural disaster: flooding. In 1998 some 3,656



people died and 230 million people were affected by flooding. China's national carbon dioxide (CO<sub>2</sub>) emissions are among the highest in the world and increasing annually. The CO<sub>2</sub> emissions in 1991 were estimated at 2.4 billion tons; by 2000 that level, according to United Nations (UN) statistics, had increased by 16 percent to nearly 2.8 billion tons. According to the International Energy Agency (IEA), between 1990 and 2002 the increase was more along the lines of 45 percent. These amounts cited by the UN are more than double those of India and Japan but still less than half those of the United States (comparable figures for Russia are not available but are estimated at probably half the level of China's). China's ozone depleting potential also is high but was decreasing in the early twenty-first century. The CO<sub>2</sub> emissions are mostly produced by coal-burning energy plants and other coal-burning operations. Better pollution control and billion-dollar cleanup programs have helped reduced the growth rate of industrial pollution.

**Time Zone:** Although China crosses all or part of five international time zones, it operates on a single uniform time, China Standard Time (CST; Greenwich Mean Time plus eight hours), using Beijing as the base. China does not employ a daylight savings time system.

## SOCIETY

**Population:** China's population reached 1.3 billion on January 5, 2005. The annual population growth rate was estimated at 0.57. The nation's overall population density was 135 persons per square kilometer in 2003. The most densely populated provinces are in the east: Jiangsu (712 persons per square kilometer), Shandong (587 persons per square kilometer), and Henan (546 persons per square kilometer). Shanghai was the most densely populated municipality, with 2,646 persons per square kilometer. The least densely populated areas are in the west, with Tibet having the lowest density at only 2 persons per square kilometer. Sixty-two percent of the population lived in rural areas in 2004, while 38 percent lived in urban settings. About 94 percent of population lives on approximately 46 percent of land. Based on 2000 census data, the provinces with the largest populations were Henan (91.2 million), Shandong (89.9 million), Sichuan (82.3 million, not including Chongqing municipality, which was formerly part of Sichuan Province), and Guangdong (85.2 million). The smallest were Qinghai (4.8 million) and Tibet (2.6 million). In the long term, China faces increasing urbanization, with nearly 70 percent living in urban areas by 2035.

**Demography:** China has been the world's most populous nation for many centuries. When China took its first post-1949 census in 1953, the population stood at 582 million; by the fifth census in 2000, the population had almost doubled, reaching 1.2 billion. China's fast-growing population was a major policy matter for its leaders in the mid-twentieth century, and, in the early 1970s they implemented a stringent one-child birth-control policy. As a result of that policy, China successfully achieved its goal of a more stable and much-reduced fertility rate; in 1971 women had an average of 5.4 children versus an estimated 1.7 children in 2004. Nevertheless, the population continues to grow, and people want more children. There is also a serious gender imbalance. Census data obtained in 2000 revealed that there were 119 boys born for every 100 girls and, among China's "floating population" (*see* Migration), the ratio is as high as 128:100. These situations led Beijing in July 2004 to ban selective abortions of female fetuses. Additionally, life expectancy has soared and China now has an increasingly aging population; it

is projected that 11.8 percent of the population in 2020 will be 65 years of age and older. Based on 2004 estimates, China's age structure is zero to 14 years of age—22.3 percent; 15 to 64 years—70.3 percent, and 65 years and older—7.5 percent. Estimates made in 2004 indicate a birthrate of nearly 12.9 births per 1,000 and a death rate of 6.9 per 1,000. In 2004 life expectancy at birth was estimated at 73.7 years for women and 70.4 for men, or 71.9 years for both. The infant mortality rate was estimated at 25.3 per 1,000 live births overall (29.2 per 1,000 for females and 21.8 for males).

**Migration:** In 2004 it was estimated that China was experiencing a –0.4 per 1,000 population net migration rate. Of major concern in China is its growing “floating population” (*liudong renkou*), a large number of people moving from the countryside to the city, from developed economic areas to underdeveloped areas, and from the central and western regions to the eastern coastal region, as a result of fast-paced reform-era economic development and modern agricultural practices that have reduced the need for a large agricultural labor force. Although residency requirements have been relaxed somewhat, the floating population does not have official permission for permanent residence in the receiving cities and towns. As early as 1994, it was estimated that China had a surplus of about 200 million agricultural workers, and it was expected the number would increase to 300 million in the early twenty-first century. Thus, it is expected that the floating population will expand further into the long-term future. It was reported in 2005 that the floating population had increased from 70 million in 1993 to 140 million in 2003, thus exceeding 10 percent of the national population and accounting for 30 percent of all rural laborers. According to the 2000 national census, population flow inside a province accounted for 65 percent of the total while that crossing provincial boundaries accounted for 35 percent. Young and middle-aged people account for the vast majority of this floating population, with those between 15 and 35 years of age accounting for more than 70 percent.

Other migration issues include the more than 2,000 Tibetans who cross into Nepal annually, according to the United Nations High Commissioner for Refugees (UNHCR). The government tries to prevent this out-migration from occurring and has pressured Nepalese authorities to repatriate illegal border-crossing Tibetans. Another activity seen as illegal is the influx of North Koreans into northeastern China. Some 1,850 North Koreans fled their country in 2004, but China views them as illegal economic migrants rather than refugees and sends many of them back. Some of those who succeed in reaching sanctuary in foreign diplomatic compounds or international schools have been allowed to depart for South Korea.

**Ethnic Groups:** Besides the majority Han Chinese, China recognizes 55 other nationality or ethnic groups, numbering about 105 million persons, mostly concentrated in the northwest, north, northeast, south, and southwest but with some in central interior areas. Based on the 2000 census, some 91.5 percent of the population was classified as Han Chinese (1.1 billion). The other major minority ethnic groups were Zhuang (16.1 million), Manchu (10.6 million), Hui (9.8 million), Miao (8.9 million), Uygur (8.3 million), Tujia (8 million), Yi (7.7 million), Mongol (5.8 million), Tibetan (5.4 million), Bouyei (2.9 million), Dong (2.9 million), Yao (2.6 million), Korean (1.9 million), Bai (1.8 million), Hani (1.4 million), Kazakh (1.2 million), Li (1.2 million), and Dai (1.1 million). Classifications are often based on self-identification, and it is sometimes and in some locations advantageous for political or economic reasons to identify with one group

over another. All nationalities in China are equal according to the law. Official sources say that the state protects their lawful rights and interests and promotes equality, unity, and mutual help among them.

**Languages:** The official language of China is standard Chinese or Mandarin (Putonghua, which means standard speech, based on the Beijing dialect). Other major dialects are Yue (Cantonese), Wu (Shanghaiese), Minbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan, and Hakka (Kejia). Because of the many ethnic groups in China, numerous minority languages also are spoken.

All of the Chinese dialects share a common written form that has evolved and been standardized during two millennia and serves as a unifying bond amongst the Han Chinese. The government has aggressively developed both shorthand Chinese and Pinyin (phonetic spelling) as ways to increase literacy and transliterate Chinese names. The Pinyin system was introduced in 1958 and was approved by the State Council in 1978 as the standard system for the romanization of Chinese personal and geographic names. In 2000 the Hanyu (Han language) Pinyin phonetic alphabet was written into law as the unified standard for spelling and phonetic notation of the national language.

**Religion:** The traditional religions of China are Confucianism, Daoism, and Buddhism. Confucianism is not a religion, although some have tried to imbue it with rituals and religious qualities. Rather, it is a philosophy and system of ethical conduct that since the fifth century B.C. has guided China's society. Kong Fuzi (Confucius in Latinized form) is honored in China as a great sage of antiquity whose writings promoted peace and harmony and good morals in family life and society in general. Ritualized reverence for one's ancestors, sometimes referred to as ancestor worship, has been a tradition in China since at least the Shang Dynasty (1750–1040 B.C.).

Estimates of the number of adherents of the various beliefs are difficult to establish; as a percentage of the population, institutionalized religions, such as Christianity and Islam, represent only about 4 percent and 2 percent of the population, respectively. In the late 1990s, there were some 100 million adherents to various sects of Buddhism and some 9,500 temples, many of which are maintained as cultural landmarks and tourist attractions. The Buddhist Association of China was established in 1953 to oversee officially sanctioned Buddhist activities. In 1998 there reportedly were 600 Daoist temples and an unknown number of adherents in China. Officially, the state acknowledges that there were some 10 million Protestants and about 4 million Catholics in 2000. However, both Protestants and Catholics also have large "underground" communities, possibly numbering as many as 90 million. In 1997 there reportedly were 18 million adherents of Islam in China, but unofficial estimates suggest the total is much higher. Most adherents are members of the Uyghur and Hui nationality people. The Falun Dafa (Wheel of Law, also called Falun Gong) quasi-religious movement based on traditional Chinese *qigong* (deep-breathing exercises) and Daoist and Buddhist practices and beliefs was established in 1992 and claimed 70 million to 100 million practitioners in China in the late 1990s. Because of its perceived antigovernment activities, Falun Gong was outlawed in China in April 1999, and reportedly tens of thousands of its practitioners were arrested and sentenced to "reeducation through labor" or incarcerated in mental hospitals. The constitution grants citizens of the People's Republic of

China the freedom of religious belief and says that the state “protects normal religious activities” but that no one “may make use of religion to engage in activities that disrupt public order, impair the health of citizens or interfere with the educational system of the state.”

**Education and Literacy:** Education in China is the responsibility of the Ministry of Education. The population has had on average only 6.2 years of schooling, but in 1986 the goal was established to achieve nine years of compulsory education by 2000. The education system provides free primary education for five years, starting at age seven, followed by five years of secondary education, from ages 12 to 17. At this level, there are three years of middle school and two years of high school. The Ministry of Education reports that there is a 99 percent attendance rate for primary school and an 80 percent rate for both primary and middle schools. Since free higher education was abolished in 1985, applicants to colleges and universities compete for scholarships based on academic ability. Private schools have been allowed since the early 1980s.

The United Nations Development Programme reported that in 2002 China had 111,752 kindergartens, with 571,000 teachers and 20.3 million students. At the same time, there were 456,903 primary schools with 5.8 million teachers and 121.5 million students. General secondary education had 80,067 institutions with 4.3 million teachers and 82.8 million students. There also were 2,523 secondary technical schools with 170,000 teachers and 3.9 million students. Among specialized institutions, there were 430 teacher-training schools with 38,000 teachers and 601,000 students; 7,402 agricultural and vocational schools with 310,000 teachers and 5.1 million students; and 1,540 special schools with 30,000 teachers and 9 million students. In 2002 there were 1,396 institutions of higher learning (colleges and universities) with 618,000 professors and 9 million students. There is intense competition for admission to China’s colleges and universities. Beijing and Qinghua universities and more than 100 other key universities are the most sought after by college entrants. The literacy rate in China in 2002 was 90 percent.

**Health:** Indicators of the status of China’s health sector can be found in the nation’s fertility rate of 1.7 children per woman (a 2004 estimate) and an under-five-years-of-age mortality rate of 39 per 1,000 live births (a 2001 estimate). In 2002 China had nearly 1.7 physicians per 1,000 persons and about 2.4 beds per 1,000 persons. Health expenditures on a purchasing parity power (PPP) basis were US\$224 per capita in 2001, or 5.5 percent of gross domestic product (GDP). Some 37.2 percent of public expenditures were devoted to health care in China in 2001. However, about 80 percent of the health and medical care services are concentrated in cities, and timely medical care is not available to more than 100 million people in rural areas.

In 2004 Beijing health officials stated that China had some 120 million hepatitis B virus carriers. Although not identified until later, China’s first case of a new, highly contagious disease, severe acute respiratory syndrome (SARS), occurred in Guangdong in November 2002, and within three months the Ministry of Health reported 300 cases and 5 deaths in the province. Shortly thereafter, people were being treated for SARS in Hong Kong and then quickly in China and in other parts of the world to which people had traveled by air from Hong Kong. By May some 8,000 cases of SARS were reported worldwide, with about 66 percent of the cases and 349 deaths in China alone. By early summer 2003, the SARS epidemic had ceased and was less serious in the winter and spring of 2004. A vaccine was developed and first-round testing on human volunteers was completed in 2004.

China, like other nations with migrant and socially mobile populations, has experienced increased incidences of human immuno-deficiency virus/acquired immune deficiency syndrome (HIV/AIDS). Based on 2003 estimates, China is believed to have a 0.1 percent adult prevalence rate for HIV/AIDS, one of the lowest rates in the world and especially in Asia. However, because of China's large population, this figure converted in 2003 to some 840,000 cases (more than Russia but less than the United States, and second in Asia to India), of whom 44,000 died. About 80 percent of those infected live in rural areas. In November 2004, the head of the United Nations AIDS program (UNAIDS) cited China, along with India and Russia, as being on the "tipping point" of having small, localized AIDS epidemics that could turn into major ones capable of affecting the world's response to the disease. In 2004 the Ministry of Health reported that its annual AIDS prevention funding had increased from US\$1.8 million in 2001 to US\$47.1 million by 2003 and that, whereas treatment had been restricted to a few hospitals in major cities, treatment was becoming more widely available.

In the 1999–2001 period, China had one of the highest per capita caloric intakes in Asia. It was second only to South Korea and higher than countries such as Japan, Malaysia, and Indonesia. By 2000, 94 percent of the urban population and 66 percent of the rural population had access to an improved water supply. And, 69 percent of the urban population and 27 percent of the rural population had access to improved sanitation facilities.

**Welfare:** In pre-reform China, the needs of society were taken care of from cradle to grave by the socialist state. Child care, education, job placement, housing, subsistence, health care, and elder care were largely the responsibility of the work unit as administered through the state-owned enterprises and agricultural communes and collectives. As those systems disappeared or were reformed, the "iron rice bowl" approach to social security changed. Article 14 of the constitution stipulates that the state "builds and improves a social security system that corresponds with the level of economic development." Social security reforms since the late 1990s have included unemployment insurance, medical insurance, workers' compensation insurance, maternity benefits, communal pension funds, and individual pension accounts. Official statistics show that in 2003, 29 million people in China were living in absolute poverty (making the equivalent of US\$76.93 or less per year) and the number was growing, mostly in rural areas as income gaps widened between the poor and other farmers.

## ECONOMY

**Overview:** After nearly a quarter century of reform and opening to the outside world, China's economic system is the third largest in the world. In 2004 China had the world's seventh largest gross domestic product (GDP) at US\$1.4 trillion, resulting in a per capita GDP of US\$1,000. The government has a goal of quadrupling the GDP by 2020 and increasing per capita GDP two-and-a-half times. Central planning has been cut back, and widespread market economy mechanisms and a reduced government role have been adopted since 1978. The government fosters a dual economic structure that involves the transition from a socialist, centrally planned economy to a socialist market economic system, or a "market economy with socialist characteristics." Industry is marked by increasing technological advancements and productivity. People's communes were eliminated by 1984—after more than 25 years—and the system of township-collective-

household production was introduced in the agricultural sector. Private ownership of production assets is legal, although some nonagricultural and industrial facilities are still state owned and centrally planned. Restraints on foreign trade were relaxed with China's accession to the World Trade Organization in 2001. Joint ventures are encouraged, especially in the coastal special economic zones and open coastal cities. A sign of the affluence the reformed economy has brought to China might be measured in the number of its millionaires (measured in U.S. dollars). In 2004 there were a reported 236,000 millionaires, an increase of 12 percent over two years earlier.

Chinese officials cite two major trends that have an effect on China's market economy and future development: world multipolarization and regional integration. In relation to these trends, they see the roles of China and the United States in world affairs and with each other as very important. Despite successes, China's leaders face a variety of challenges to the nation's future economic development. They have to maintain a high growth rate, deal effectively with the rural work force, improve the financial system, continue to reform the state-owned enterprises, foster the productive private sector, establish a social security system, improve scientific and educational development, promote better international cooperation, and change the role of the government in the economic system. Despite whatever constraints the international market places on China, it became the world's third largest trading nation in 2004, after the United States and Germany.

**Gross Domestic Product (GDP)/Purchasing Power Parity (PPP):** In 2004 China had a gross domestic product (GDP) of US\$1.4 trillion, resulting in a per capita GDP of US\$1,000. China's PPP was estimated for 2003 at nearly US\$6.5 trillion. Based on official Chinese data, the GDP growth rate for 2003 was 9.1 percent. PPP per capita in 2003 was estimated at US\$5,000.

**Government Budget:** The state budget for 2002 was 1.8 trillion renminbi (RMB) in revenue and RMB2.2 trillion in expenditures. In the revenue column, 93.2 percent was from taxes and tariffs, 54.9 percent of which were collected by the central government and 45.1 percent by local authorities. The expenditures were for culture, education, science, and health care (18 percent); capital construction (14.3 percent); administration (13.5 percent); national defense (7.7 percent); agriculture, forestry, and water conservancy (5 percent); enterprise development (4.4 percent); subsidies to compensate price increases (3 percent); pensions and social welfare (1.7 percent); and other (32.4 percent). The overall budget deficit in 2002 was RMB314.9 billion, an amount equivalent to 2.9 percent of gross domestic product (GDP).

**Inflation :** China's annual rate of inflation averaged 6 percent per year during the 1996–2002 period. Consumer prices experienced annual fluctuations, and the rate of inflation was estimated at 0.9 percent in 2003.

**Special and Open Economic Zones:** As part of its economic reforms and policy of opening to the world, between 1980 and 1984 China established special economic zones (SEZs) in Shenzhen, Zhuhai, and Shantou in Guangdong Province and Xiamen in Fujian Province, and designated the entire province of Hainan as a special economic zone. In 1984 China opened 14 other coastal cities to overseas investment (listed north to south): Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou,

Zhanjiang, and Beihai. Then, beginning in 1985, Beijing decided to expand the coastal area by establishing the following open economic zones (listed north to south): Liaodong Peninsula, Hebei Province (which surrounds Beijing and Tianjin), Shandong Peninsula, Yangzi River Delta, Xiamen-Zhangzhou-Quanzhou Triangle in southern Fujian Province, Zhujiang (Pearl River) Delta, and Guangxi Zhuang Autonomous Region. In 1990 China decided to open the Pudong New Zone in Shanghai to overseas investment, as well as more cities in the Yangzi River Valley. Since 1992, the State Council has opened a number of border cities and all the capital cities of inland provinces and autonomous regions. In addition, 15 free-trade zones, 32 state-level economic and technological development zones, and 53 new- and high-tech industrial development zones have been established in large and medium-sized cities. As a result, a multilevel and diversified pattern of opening, integrating coastal areas with riverine, border and inland areas, has been formed in China.

**Agriculture, Forestry, and Fishing:** China traditionally has struggled to feed its large population. Even in the twentieth century, famines periodically ravaged China's population. Great emphasis has always been put on agricultural production, but weather, wars, and politics often mitigated good intentions. With the onset of reforms in the late 1970s, the relative share of agriculture in the gross domestic product (GDP) began to increase annually. Driven by sharp rises in prices paid for crops and a trend toward privatization in agriculture, agricultural output increased from 30 percent of GDP in 1980 to 33 percent of GDP by 1983. Since then, however, it has decreased in share as the services sector increased. By 2003 agriculture produced only 14.8 percent of China's GDP but is still huge by any measure. Some 51.1 percent of the total national work force is engaged in agriculture, forestry, and fishing.

According to United Nations statistics, China's cereal production is the largest in the world. In 2002 China produced 402 million tons, or 19.8 percent of total world production. Its plant oil crops—at 15 million tons in 2002—are a close second to those of the United States and amounted to 13.6 percent of total world production. More specifically, China's principal crops in 2002 were rice (174.7 million tons), corn (121.3 million tons), sweet potatoes (108 million tons), wheat (90.2 million tons), sugarcane (90.1 million tons), and potatoes (75.2 million tons). Other grains, such as barley, buckwheat, millet, oats, rye, sorghum, and tritcale (a wheat-rye hybrid), added substantially to overall grain production. Crops of peanuts, rapeseed, soybeans, and sugar beets also were significant, as was vegetable production in 2002. Among the highest levels of production were cabbages, tomatoes, cucumbers, and dry onions. Fruit production also has become a significant aspect of the agricultural market. In 2002 China produced large crops of watermelons, cantaloupes, and other melons. Other significant orchard products were apples, citrus fruits, bananas, and mangoes. China, a nation of numerous cigarette smokers, produced 2.4 million tons of tobacco leaves.

Fertilizer use was a major contributor to these abundant harvests. In 2001–02, China consumed 22.4 million tons of nitrogenous fertilizers, or 27.3 percent of total world consumption and more than double the consumption of other major users such as India and the United States in the same period. Among the lesser used fertilizers, China also was a leader. It consumed 8.8 million tons of phosphate fertilizers (26.8 percent of the world total) and 4 million tons of potash fertilizers (17.8 percent of the world total).

With China's accession to the World Trade Organization (WTO) in 2001, food export opportunities have opened up and brought about still more efficient farming. As a result, traditional areas such as grain production have decreased in favor of cash crops for domestic and export trade in vegetables and fruit.

China's livestock herds are the largest in the world, far outstripping all of Europe combined and about comparable in size to all African nations combined. For example, in 2002 China had 49.3 percent of the world's pigs, 21.7 percent of the world's goats, and 7.7 percent of the world's cattle. Converted into food production, China's major livestock products in 2002 were pig meat (43.2 million tons), poultry eggs (24.6 million tons), cow's milk (12.9 million tons), poultry meat (12.5 million tons), and beef and veal (5.4 million tons). Other meats of significant amounts were mutton, lamb, and goat. Major by-products were cattle hides (1.3 million tons), sheepskins (321,000 tons), and goatskins (319,000 tons). Honey (265,000 tons) and raw silk (100,000 tons) also were major products destined for the commercial market.

Forestry products, measured in annual roundwood production, also abound. In 2002 China produced 284.9 million cubic meters of roundwood, the world's third largest after the United States and India, or about 8.4 percent of total world production. From the roundwood, some 9.4 million cubic meters of sawnwood were produced that year.

China also leads the world in fish production. In 2001 it caught 16.5 million tons of fish, far out-catching the second-ranked nation, the United States, with its 4.9 million tons. Aquaculture also was substantial in world terms. In the same year, China harvested 26 million tons of fish, an amount more than 10 times the second-ranked nation, India, with its 2.2 million tons. The total fish production in 2002 was 44.3 million tons. Of this total, 62.7 percent was from aquaculture, an increasing sector, and 37.3 percent was from fish caught in rivers, lakes, and the sea.

**Mining and Minerals:** Mineral resources include large reserves of coal and iron ore, and there are adequate to abundant supplies of nearly all other industrial minerals. Besides being a major coal producer, China is the world's fifth largest producer of gold and in the twenty-first century has become an important producer and exporter of rare metals needed in high-technology industries. The rare earth reserves at the Bayan Obi mine in Inner Mongolia are thought to be the largest in any single location in the world. Outdated mining and ore-processing technologies are being replaced with modern techniques, but China's rapid industrialization requires imports of minerals from abroad. In particular, iron ore imports from Australia and the United States have soared in the early 2000s as steel production rapidly outstripped domestic iron ore production.

The major areas of production in 2001 were coal (1.1 billion tons), iron ore (220 million tons), crude petroleum (163.9 million tons), natural gas (30.3 million cubic meters), antimony ore (150 million tons), tin concentrates (95 million tons), nickel ore (51.5 million tons), tungsten concentrates (38.5 million tons), unrefined salt (34.1 million tons), vanadium (30 million tons), and molybdenum ore (28.2 million tons). In order of magnitude, bauxite, gypsum, barite, magnesite, talc and related minerals, manganese ore, fluor spar, and zinc also were important. In addition, China produced 1.9 million tons of silver, 185,000 tons of gold, 950,000 carats of industrial diamonds, and 235,000 carats of gem diamonds in 2001. The mining sector accounted



for less than 0.8 percent of total employment in 2002 but produced about 5.3 percent of total industrial production.

**Industry and Manufacturing:** Industry and construction produced 52.9 percent of China's gross domestic product (GDP) in 2003. Industry (including mining, manufacturing, construction, and power) contributed 51.1 percent of GDP in 2002, and occupied 20.5 percent of the workforce. The manufacturing sector produced 44.5 percent of GDP in 2002 and accounted for 11.3 percent of total employment. China is the world's leading manufacturer of chemical fertilizers, cement, and steel. Prior to 1978, most output was produced by state-owned enterprises. As a result of the economic reforms that followed, there was a significant increase in production by enterprises sponsored by local governments, especially townships and villages, and, increasingly, by private entrepreneurs and foreign investors. By 2002 the share in gross industrial output by state-owned and state-holding industries had decreased to 41 percent, and the state-owned companies themselves contributed only 16 percent of China's industrial output.

An example of an emerging heavy industry is automobile production, which has soared during the reform period. In 1975 only 139,800 automobiles were produced annually, but by 1985 production had reached 443,377, then jumped to nearly 1.1 million by 1992 and increased fairly evenly each year up until 2001, when production reached 2.3 million. In 2002 production figures rose to nearly 3.3 million and then jumped again the next year to 4.4 million. Domestic sales have kept pace with production. After respectable annual increases in the mid- and late 1990s, sales soared in the early 2000s, reaching 3 million sold in 2003 and expected by some forecasters to reach 5 million sold per year by 2009. So successful has China's automotive industry been that it began exporting car parts in 1999. China began to make plans to move in major ways into the automobile and components export business starting in 2005. A new Honda factory in Guangzhou was being built in 2004 for the sole purpose of the export market and was expected to ship 30,000 passenger vehicles to Europe in 2005. By 2004, 12 major foreign automotive manufacturers had joint-venture plants in China. They produced a wide range of automobiles, minivans, sport utility vehicles, buses, and trucks. In 2003 China exported US\$4.7 billion worth of vehicles and components, an increase of 34.4 percent over 2002. By 2004 China had become the world's fourth largest automotive vehicle producer.

Concomitant with automotive production and other steel-consuming industries has been rapidly increasing steel production in China. Iron-ore production kept up with steel production in the early 1990s but was soon left behind by imported iron ore and other metals in the early 2000s. Steel production in 2000 was an estimated 140 million tons but expected to reach more than 350 million tons a year by the end of the decade.

**Energy:** As with other economic categories, China is a major producer and consumer of energy resources. In 2001, the most recent year available for United Nations statistics, China produced 807.2 million tons of oil equivalent and consumed 770.4 million tons. Per capita consumption was 599 kilograms, only a quarter of North Korea's estimated consumption, a third of that in Hong Kong, and well below the average for Asia. China's energy consumption has been dramatically on the rise since the inception of its economic reform program in the late 1970s. Electric power generation—mostly by coal-burning plants—has been in particular demand as China's electricity use in the 1990s increased by between 3 percent and 7 percent per year. In

2003 electricity use increased by 15 percent over the previous year, and supplies could not keep up with demand, thus slowing economic development. Government statistics indicate that the overall demand for electric power for 2004 was projected to be around 2 trillion kilowatt hours but by June of that year, a 60 billion kilowatt-hour shortfall had been projected. Energy production failed to keep up with industrial demands, resulting in power cutoffs throughout most of the country.

China is largely self-sufficient in all energy forms. Its coal production is the highest in the world. Some 66.1 percent of China's energy was produced from coal in 2002. The coal reserves are among the world's largest, and mining technology has been improving since the 1990s. Coal has been exported since the early 1970s.

Petroleum produced 23.4 percent and natural gas 2.7 percent of China's energy requirements in 2002. The petroleum reserves are large, but of varying quality and in disparate locations. There are oil deposit blocks in the northwest and offshore tracts believed to be among the world's largest. There are substantial natural gas reserves in the north, northwest, and offshore. China has been an exporter of petroleum since the early 1970s. Yet, China is a net importer of crude petroleum because the high grades of petroleum it needs are not available domestically. Imports of mineral fuels totaled 7.2 percent of the cost of total imports in 2002. In 2004 Russia agreed to expand its oil exports to China. With deliveries sent by railroad, the two sides expected oil deliveries to China to reach 10 million tons in 2005 and 15 million tons in 2006. However, China's total petroleum imports were expected to exceed 100 million tons in 2005.

China's hydroelectric potential is the greatest in the world and the sixth largest in capacity. However, in 2002 hydroelectric power produced only 7.8 percent of China's energy needs. The Three Gorges hydropower project on the Yangzi River started delivering power to eastern and central provinces in July 2003 and is expected to produce 84.7 billion kilowatt hours per year when the project is completed in 2009.

**Construction:** As might be expected in a rapidly developing nation, China's construction sector has grown substantially since the early 1980s. In the twenty-first century, investment in capital construction has experienced major annual increases. In 2001 investments increased 8.5 percent over the previous year. In 2002 there was a 16.4 percent increase, followed by a 30 percent increase in 2003.

**Services:** In 2003 the services sector produced 32.3 percent of China's gross domestic product (GDP). Prior to the onset of economic reforms in 1978, China's services sector was represented by state-operated shops, rationing, and regulated prices. With reform came private markets and individual entrepreneurs and a comparatively free-wheeling commercial sector. Urban areas now are filled with shopping malls and dotted with Western-style retail shops and fast-food chains. An array of Western-style fast-food chains, trendy restaurants, night clubs, and consumer shops of all kinds are within close proximity to Mao Zedong's mausoleum in Beijing. Other east coast cities have followed suit, and some cities in the interior are not far behind. If anything, as the Economist Intelligence Unit points out, the retail sector "suffers from oversupply." Joint-venture hotels abound in China's major cities.

**Banking and Finance:** Banking reform was initiated in China in 1994, and the Commercial Banking Law took effect in July 1995. The aims of these actions were to strengthen the role of the central bank—the People’s Bank of China—and to allow private banks to be established. The People’s Bank of China was established in 1948. It issues China’s currency and implements the nation’s monetary policies. China’s oldest bank, founded in 1908, is the Bank of Communications Limited, a commercial enterprise located in Shanghai. China’s second oldest bank was established in 1912 as the Bank of China. Since 2004 it has become a shareholding company known as the Bank of China Limited. This bank handles foreign exchange and international financial settlements. The Agricultural Bank of China was founded in 1951 and is mainly involved in rural financing and providing services to agricultural, industrial, commercial, and transportation enterprises in rural areas. Other major banks include the China Construction Bank; established in 1954 as the People’s Construction Bank of China, it has been a state-owned commercial bank since 1994, with 15,401 business outlets inside and outside China, including six overseas branches and two overseas representative offices. In late 2004, moves were underway to restructure the China Construction Bank into a shareholding bank called the China Construction Bank Corporation, with the state holding the controlling shares. The China International Trust and Investment Corporation was founded in 1979 to assist economic and technological cooperation, finance, banking, investment, and trade. The Industrial and Commercial Bank of China was founded in 1984 to handle industrial and commercial credits and international business. The Agricultural Development Bank of China, Export and Import Bank of China, and State Development Bank all were founded in 1994. China’s first private commercial national bank, the China Minsheng Banking Corporation, was opened in 1996. Commercial banks are supervised by the China Banking Regulatory Commission, which was established in 2003.

When first allowed in the mid-1980s, foreign banks were restricted to certain cities and could deal only with transactions by foreign companies in China. After those restrictions were relaxed following China’s accession to the World Trade Organization in 2001, some foreign banks have been allowed to provide services to local residents and businesses. In 2004 there were some 70 foreign banks with more than 150 branches in China.

There are stock exchanges in Beijing, Shanghai (the third largest in the world), and Shenzhen, and futures exchanges in Shanghai, Dalian, and Zhengzhou. They are regulated by the China Securities Regulatory Commission.

**Tourism:** China has become a major tourist destination, especially since its opening to the world in the late 1970s. By 2002 China had some 8,880 tourist hotels and a burgeoning hospitality industry, much of it joint ventures with foreign partners. Sources vary as to how many tourists and visitors arrive in China each year. The figures for 2002, for example, varied between 36.8 million and 97.9 million tourists and visitors to China. However, 80.8 million (82.5 percent of the total) visits were made by individuals arriving via the Hong Kong and Macau special administrative regions, including those who made multiple and often same-day trips to China. Others came from Taiwan (4 percent), Japan (3 percent), South Korea (2.2 percent), Russia, (1.3 percent), and the United States (1.1 percent). There is agreement on the monetary value of this sector. In 2002 visitors to China spent some US\$20.3 billion. At the same time, China was

increasingly a source of tourists, with more than US\$15 billion spent on tourism in other countries in 2002.

**Labor:** China's total employed labor force at the end of 2002 was 634 million persons. of these, 51.2 percent were in agriculture, forestry, and fishing; 20.5 percent were in mining, manufacturing, energy, and construction industries; and 28.2 percent were in the services sector and other categories. In 2004 some 25 million persons were employed by 743,000 private enterprises. The All-China Federation of Trade Unions (ACFTU) is the state-sanctioned labor organization with which other official labor organizations affiliate. The ACFTU was established in 1925 to represent the interests of national and local trade unions and trade union councils. The ACFTU reported a membership of 130 million at the end of 2002, out of an estimated 248 million urban workers. An independent trade union group, the Workers' Autonomous Federation, was founded in 1989, with the goal of establishing a separate trade union movement, but many of its leaders were arrested during the June 1989 Tiananmen incident.

Official Chinese statistics reveal that 7.3 percent of the total work force, some 25.6 million persons, were unemployed in 2002. Unofficially, it was believed that there might have been some 150 million unemployed in rural areas in 2001. As part of its newly developing social security legislation, China has an unemployment insurance system. At the end of 2003, more than 103.7 million people were participating in the plan, and 7.4 million laid-off employees had received benefits.

**Foreign Economic Relations:** The government traditionally has decided the composition of China's foreign trade. However, since the initiation of reforms in 1978, increasing numbers of private partnerships have developed, and trade is primarily dictated by the marketplace. After years of disagreement over trade practices with its largest export partner, the United States, China agreed to a range of economic reforms designed to open Chinese markets to private and foreign investment, and the U.S. Congress granted China permanent most-favored-nation status in 2000. In 2001 China acceded to the World Trade Organization. As a result of its efforts in the global marketplace, by 2004 China had become the world's third largest trading power behind the United States and Germany.

**Imports:** China's imports rose by 36 percent in 2004, totaling US\$561.4 billion. In 2003, for which fuller statistics are available, China's imports totaled US\$397.4 billion. Of these imports, the major components were machinery and equipment, mineral fuels, plastics, and iron and steel. The major trading partners were Japan (18.1 percent), Taiwan (12.8 percent), South Korea (9.7 percent), and the United States (9.2 percent). The 2003 amount reflected the rising trend in imports during the previous seven years. In 1996 China's imports totaled US\$138.8 billion and reached US\$225 billion by 2000.

**Exports:** China's exports rose by 35.4 percent in 2004, totaling US\$593.4 billion. In 2003, for which fuller statistics are available, China's exports reached US\$436.1 billion, with machinery and equipment, textiles and clothing, footwear, toys, and mineral fuels as the major commodities. The major trading partners were the United States (21.5 percent), Hong Kong (trading as a separate economy, mostly for reexport purposes, 18 percent), Japan (14.9 percent), and South Korea (4.8 percent). One of the burgeoning exports, toys (both hi-tech and simple, of which

China provides about 75 percent of the total worldwide), also has a growing domestic market (US\$6 billion a year). The 2003 total reflected the rising trend in exports during the previous seven years. In 1996 China's exports totaled US\$151 billion and reached US\$249.2 billion by 2000.

**Trade Balance:** China had a favorable trade balance of US\$32 billion in 2004 and US\$38.7 billion in 2003. These amounts reflect the general trend of a favorable trade balance during the previous eight years. In 1996 China's trade balance was US\$12.2 billion. It peaked at US\$43.4 billion in 1998 and had declined to US\$24.1 billion by 2000 before starting its new increase.

**Balance of Payments:** China's current account balance in 2002 was US\$35.4 billion. Added to this total was US\$49.3 billion in foreign direct investment (exceeding that invested in the United States). When other investments, assets, and liabilities are brought into the calculation, the overall balance of payments was US\$75.2 billion in 2002, as compared with US\$10.7 billion in 2000 and US\$47.4 billion in 2001.

**External Debt:** According to United Nations statistics for 2001, China had US\$91.7 billion total external and public or publicly guaranteed long-term debt. China's debt had grown steadily during the 1990s, peaked at US\$112.8 billion in 1997, and then declined annually thereafter. In 2003 China had US\$412.2 billion in its international reserve account, 97.8 percent of which was from foreign exchange, not including the Bank of China's foreign exchange holdings.

**Foreign Aid and Foreign Investment:** China is the recipient of bilateral and multilateral official development assistance and official aid to individual recipients. In 2001 it received US\$1.4 billion in such disbursements, or about US\$1.10 per capita. This total was down from the 1999 figures of US\$2.4 billion and US\$1.90 per capita. Some of this aid comes to China in the form of socioeconomic development assistance through the United Nations (UN) system. China received US\$112 million in such UN assistance annually in 2001 and 2002, the largest portion coming from the UN Development Programme (UNDP).

China also obtains foreign capital through foreign loans, direct foreign investment, and other investment by foreign businesses. To date, foreign businesses from more than 170 countries and regions have invested in Chinese joint-venture enterprises since 1980. Most joint-venture activities are located in coastal cities and increasing numbers in inland cities as well. Some 300 of the 500 top transnational companies in the world have invested in China, and foreign investments have become an important capital source for China's economic development. In 1999 foreign direct investment totaled US\$40.3 billion. Between 1979 and 1999, cumulative foreign direct investment totaled US\$305.9 billion, of which US\$40.3 billion was invested in 1999 alone. In that year, China had approved the establishment of 342,000 foreign-funded enterprises, of which more than 100,000 have gone into operation. Contracted foreign direct investment reached nearly US\$82.8 billion in 2002, US\$115 billion in 2003, and US\$72.7 billion in the first half of 2004.

**Currency and Exchange Rate:** China's currency is the renminbi (RMB, people's currency) or yuan. The exchange rate in February 2005 was RMB1 = US\$0.12. The RMB is made up of 100

fen or 10 jiao. Coins are issued in denominations of 1, 2, and 5 fen; 1 and 5 jiao, and 1 yuan. Banknotes are issued in denominations of 1, 2, and 5 jiao; and 1, 2, 5, 10, 50, and 100 renminbi.

**Fiscal Year:** Calendar Year.

## TRANSPORTATION AND TELECOMMUNICATIONS

**Overview:** Transportation networks have experienced major growth and expansion since 1949 and especially since the early 1980s. Railroads, which are the primary mode of transportation, have doubled in length since the mid-twentieth century, and an extensive network provides sufficient service to the entire nation. Even Tibet with its remote location and seemingly insurmountable terrain has railroad service under construction. The larger cities have metro systems in operation, under construction, or in the planning stage. The highway and road system also has gone through rapid expansion, with motor vehicle use rapidly increasing throughout China.

**Roads:** In 2003 China had 1.8 million kilometers of highways. Of this total, 78.3 percent were classified as expressways (some 30,000 kilometers) and class 1 through 4 highways (about 1.4 million kilometers). There also were more than 370,000 kilometers of village roads, nearly 90 percent of which are surfaced. All major cities are expected to be linked with a 55,000-kilometer interprovince expressway system by 2020. The highway and road systems carried nearly 11.6 billion tons of freight and 769.6 trillion passenger/kilometers in 2003. The importance of highways and motor vehicles, which carry 13.5 percent of cargo and 49.1 percent of passengers, was growing rapidly in the mid-2000s. Road usage has increased significantly, as automobiles, including privately owned vehicles, rapidly replace bicycles as the popular vehicle of choice in China. In 2002, excluding military and probably internal security vehicles, there were 12 million passenger cars and buses in operation and 8.1 million other vehicles. In 2003 China reported that there were 23.8 million vehicles in use for business purposes; of these, 14.8 million were passenger vehicles and 8.5 million were trucks.

**Railroads:** Railroads are the major mode of transportation in China. Carrying some 24 percent of the world's railroad transportation volume, China's railroads are critical to its economy. Because of its limited capital, overburdened infrastructure, and need to continually modernize, the rail system, which is controlled by the Ministry of Railways through a network of regional divisions, operates on a very tight budget. Foreign capital investment in the freight sector was allowed beginning in 2003, and international public stock offerings are to be opened in 2006. In another move to better capitalize and reform the railroad system, in 2003 the Ministry of Railways established three public shareholder-owned companies: China Railways Container Transport Company, China Railway Special Cargo Service Company, and China Railways Parcel Express Company.

The national rail system is modernizing and expanding rapidly and is efficient within the limits of the available track. Some 73,000 kilometers of track were operational in 2003. This total included 68,000 kilometers of 1.435-meter gauge (of which 18,668 kilometers were electrified) and 3,600 kilometers of 1.000-meter and 0.750-meter gauge local industrial lines. There were an

additional 22,640 kilometers of dual-gauge track not included in the total. As of 2002, some 23,058 kilometers of the rail routes were double tracked, representing 38.7 percent of the total. In 2003 China's railroad inventory included 15,456 locomotives owned by the national railroad system. These included around 100 steam locomotives, and the rest were either diesel or electric. There were another 359 locomotives owned by local railroads and 505 owned by joint-venture railroads, each of which still had more than 100 steam locomotives in their inventories. National railroad freight cars numbered 510,327 and passenger coaches 40,487. In 2003 China's railroads carried 2.2 trillion tons of freight and 478.9 trillion passenger/kilometers. Only India had more passenger/kilometers and the United States more net ton/kilometers than China.

Starting in 2001, China began construction of a 1,118-kilometer-long railroad line linking the rest of China with Tibet. It is slated for completion in 2011. Another large-scale railroad project is the New Silk Road or Eurasian Continental Bridge project that was launched in 1992. In China the project involves the modernization and infrastructure development of a 4,131-kilometer-long railroad route starting in Lianyungang, Jiangsu Province, and going through central and northwestern China to Urumqi, Xinjiang Uygur Autonomous Region, to the Alatau Pass into Kazakhstan. From there the railroad links to some 6,800 kilometers of routes that end in Rotterdam. China also has established rail links between seaports and interior export processing zones. For example, in 2004 Chengdu in Sichuan Province was linked to the Shenzhen Special Economic Zone in coastal Guangdong, with exports clearing customs in Chengdu and being shipped twice daily by rail to the seaport at Shenzhen for fast delivery.

**Rapid Transit:** The Beijing metro system, which opened in 1969, has 113 kilometers of subway track on four lines, with an additional 98 kilometers to be built by 2010. The Guangzhou system, which opened in 1999, has 18.5 kilometers with an additional 133 kilometers planned. Shanghai metro, which opened in 1995, has 8 lines, 68 stations, and 82.8 kilometers of track, with an additional 108.4 kilometers under construction or planned. The Tianjin metro was begun in 1970 as a planned network of 153.9 kilometers on seven lines, but large sections remain closed for reconstruction with an anticipated completion in 2005. Working sections of the system total 7.4 kilometers of track, with a total of 26.2 kilometers expected to be in operation in 2005. The Shenzhen metro opened in 2004, initially with two lines, 19 stations, and 21.8 kilometers of track. Also under construction are subway and light rail systems in Chongqing and Nanjing, and systems are planned for Chengdu and Qingdao. Metro transit in Hong Kong is covered by the privately operated Mass Transit Railway, which opened in 1979 and now has six metro lines with 50 stations.

China also has the world's first commercial magnetic levitation (maglev) train service. A Sino-German joint venture, 38-kilometer-long route between downtown Shanghai and the Pudong airport opened in 2003. In its first year of service, revenues were less than half of what was needed to keep up with the bank loan interest of US\$36.2 million. The project cost US\$1.2 billion and has experienced an average of 8,000 passengers per day, a rate well below capacity.

**Ports and Shipping:** China has more than 2,000 ports, 130 of which are open to foreign ships. The major ports, including river ports accessible by ocean-going ships, are Beihai, Dalian, Dangdong, Fuzhou, Guangzhou, Haikou, Hankou, Huangpu, Jiujiang, Lianyungang, Nanjing, Nantong, Ningbo, Qingdao, Qinhuangdao, Rizhao, Sanya, Shanghai, Shantou, Shenzhen,

Tianjin, Weihai, Wenzhou, Xiamen, Xingang, Yangzhou, Yantai, and Zhanjiang. Additionally, Hong Kong is a major international port serving as an important trade center for China. As of 2002, China's merchant fleet had 3,326 ships. Of these, there were 1,850 ships of 1,000 gross registered tons (GRT) or more that totaled 18.7 million tons. These ships included 2 barge carriers, 355 bulk carriers, 822 cargo ships, 28 chemical tankers, 10 combination bulk carriers, 2 combination ore/oil carriers, 165 container ships, 28 liquefied gas carriers, 8 multifunctional large load carriers, 6 passenger ships, 46 passenger/cargo ships, 272 petroleum tankers, 1 rail car carrier, 27 refrigerated cargo ships, 25 roll on/roll off ships, 39 short-sea/passenger ships, 10 specialized tankers, and 4 vehicle carriers. In 2003 China's major coastal ports handled 2.1 billion tons of freight.

**Inland and Coastal Waterways:** China has more than 121,560 kilometers of navigable rivers, streams, lakes, and canals, and in 2003 these inland waterways carried nearly 1.6 trillion tons of freight and 6.3 trillion passenger/kilometers to more than 5,100 inland ports. The main navigable rivers are the Heilongjiang; Yangzi; Xiangjiang, a short branch of the Yangzi; and Zhujiang. Ships of up to 10,000 tons can navigate more than 1,000 kilometers on the Yangzi, as far as Wuhan. Ships of 1,000 tons can navigate from Wuhan to Chongqing, another 1,286 kilometers upstream. The Grand Canal is the world's longest canal at 1,794 kilometers and serves 17 cities between Beijing and Hangzhou. It links five major rivers: the Haihe, Huaihe, Huanghe, Qiantang, and Yangzi.

**Civil Aviation and Airports:** As a result of the rapidly expanding civil aviation industry, by 2003 China had 507 airports of all types and sizes in operation, 332 of which had paved runways and 49 of which had runways of 3,047 meters or longer. There also were 15 heliports. With the additional airports came a proliferation of airlines. In 2002 the government merged the nine largest airlines into three regional groups based in Beijing, Shanghai, and Guangzhou: Air China, China Eastern Airlines, and China Southern Airlines, which operate most of China's external flights. The Civil Aviation Administration of China (CAAC), also called the General Administration of Civil Aviation of China, was established as a government agency in 1949 to operate China's commercial air fleet. In 1988 CAAC's operational fleet was transferred to new, semiautonomous airlines and has served since as a regulatory agency. Major airports include the Capital International Airport, located 27 kilometers northeast of central Beijing; Pudong International Airport, located 13 kilometers southwest of central Shanghai; and the new Baiyun International Airport, which opened in August 2004, in Guangzhou. Beijing's airport served some 662,000 passengers and Shanghai's airport more than 16 million passengers in 2003. Other major airports are located at Chengdu, Dalian, Hangzhou, Harbin, Hohhot, Kunming, Qingdao, Shenyang, Tianjin, Urumqi, Xiamen, and Xi'an. Additionally, the Hong Kong International Airport, located at Chek Lap Kok on Lantau Island 34 kilometers northwest of Hong Kong Island, in 2003 served some 26 million passengers on its 3,800 meters of runway. China is served both by numerous major international flights traveling to most countries of the world and a host of domestic regional airlines. In 2003 China's civil aviation sector carried nearly 2.2 million tons of freight and 126.3 trillion passenger/kilometers.

**Pipelines:** In 2004 China had 15,890 kilometers of gas pipelines, 14,478 kilometers of oil pipelines, and 3,280 kilometers for refined products. As a major oil and gas consumer, China is searching for more external supplies. Construction of a 4,200-kilometer-long pipeline from



Xinjiang to Shanghai was underway in 2002–04. Discussions were underway in 2004 between the governments of China and Russia on a proposal to build a pipeline from Siberia to China's Daqing oil field in Heilongjiang Province. In 2003 China's pipelines carried 219.9 million tons of petroleum and natural gas.

**Telecommunications:** The Ministry of Information Industry reported in 2004 that China had 295 million subscribers to main telephone lines and 305 million cellular telephone subscribers, the highest numbers in both categories in the world but second per capita to the United States. Both categories were substantial increases over the previous decade; in 1995 there were only 3.6 million cellular telephone subscribers and around 20 million main line telephone subscribers. By 2003 there were 42 telephones per 100 population. Internet use also has soared in China. In 1995 there were about 60,000 Internet users; by 2000 the number had increased to 22.5 million users, and by 2003 it had reached 79.5 million. Whereas this number was nowhere near the 159 million users in the United States, and although fairly low per capita, it was second in the world and on a par with Japan, with 57 million users. China's 2.7 million kilometers of optical fiber telecommunication cables by 2003 assisted greatly in the modernization process. China produces an increasing volume of televisions both for domestic use and export. In 2001 China produced more than 46 million televisions and had 317 million sets in use. At the same time, there were 417 million radios in use in China, a rate of 342 per 1,000 population. However, many more are reached, especially in rural areas, via loudspeaker broadcasts of radio programs that bring transmissions to large numbers of radioless households. Until it dismantled it in 2003 in a diplomatic dispute with the host nation, China had a remote satellite-tracking station on Tarawa Atoll in Kiribati.

## GOVERNMENT AND POLITICS

**Overview:** China is a unitary and socialist state whose constitution calls on the nation to “concentrate on socialist modernization by following the road of building socialism with Chinese characteristics” while adhering to the “leadership of the Chinese Communist Party (CCP) and the guidance of Marxism-Leninism, Mao Zedong Thought and Deng Xiaoping Theory” as well as “the important thought of the Three Represents,” which are attributed to former CCP general secretary and president of China Jiang Zemin. The political system is led by the 66.4-million-member CCP. Political processes are guided by the CCP constitution and, increasingly, by the state constitution, both promulgated in 1982. The CCP constitution was revised in 2002, and the state constitution was amended in 1988, 1993, 1999, and 2004. Both constitutions stress the principle of democratic centralism, under which the representative organs of both party and state are elected by lower bodies, and they in turn elect their administrative arms at corresponding levels. Within representative and executive bodies, the minority must abide by decisions of the majority; lower bodies obey orders of higher-level organs. In theory, the National Party Congress is the highest organ of party power, but the real power lies in the CCP Central Committee and its even more exclusive Political Bureau. At the apex of all political power are the members of the elite Standing Committee of the Political Bureau.

In September 2004, at the Fourth Plenary Session of the 16th CCP Congress, former party, state, and military leader Jiang Zemin completed his formal handover of responsibilities to Hu Jintao.

At the plenum, Jiang gave up his last key position, that of chairman of the CCP Central Military Commission. With Hu holding that position, as well as those of general secretary of the CCP (since November 2002) and president of China (since March 2003), the succession ostensibly was over. However, Jiang confidants and allies were still entrenched in key positions, and Jiang himself, through several high-profile public appearances, gave evidence that he would continue to be influential in central party and state policy making.

**Executive Branch:** The head of state of China is the president (Hu Jintao, since March 2003, when he succeeded Jiang Zemin). The vice president is Zeng Qinghong (since March 2003; he succeeded Hu Jintao). Articles 79–80 of the constitution provide for a president and vice president of the People’s Republic of China elected by the National People’s Congress (NPC) for five-year terms and no more than two consecutive terms. The president “engages in activities involving State affairs and receives foreign diplomatic represents.” In pursuance of the decisions of the NPC Standing Committee, the president appoints and recalls plenipotentiary representatives abroad, and ratifies and abrogates treaties and important agreements concluded with foreign states. The vice president assists the president in his work, “may exercise such parts of the functions and powers of the President as the President may entrust to him,” and succeeds to the presidency should the office of president become vacant. Should both offices become vacant, the chairman of the NPC Standing Committee becomes acting president until the NPC elects a new president and vice president.

The government is led by the State Council, the equivalent of a cabinet. The State Council is headed by a premier (Wen Jiabao, since March 2003). There also are four vice premiers and five state councillors (one of whom is the secretary general of the State Council). One of the vice premiers and two of the state councillors double as ministers with such key portfolios as national defense, public security, and public health. In 2005 there were 22 ministries and 4 commissions subordinate to the State Council. In addition, the People’s Bank of China (China’s central bank) and the National Audit Office are part of the State Council system. The five-year terms of office run concurrently with those of the National People’s Congress (NPC) and are limited to no more than two consecutive terms. Executive meetings of the State Council are attended by the premier, vice premiers, state councillors, and secretary general of the State Council. The State Council reports on its work to the NPC and, when the NPC is not in session, to its Standing Committee.

**Legislative Branch:** According to the constitution, the National People’s Congress (NPC) is “the highest organ of state power” and exercises “the legislative power of the state.” Deputies to the NPC are elected from the provinces, autonomous regions, centrally administered municipalities, special administrative regions, and armed forces. Elections are conducted by the permanent body of the NPC, the Standing Committee, and normally are held at least two months before the end of the current NPC. Deputies serve five-year terms and meet annually for two or three weeks, typically in March or April. The NPC is empowered to amend the constitution; supervise the enforcement of the constitution; and elect the president and vice president of the People’s Republic, the chairman of the state Central Military Commission, the president of the Supreme People’s Court, and the procurator general of the Supreme People’s Procuratorate. It also has the authority “to decide on” the choice of the premier of the State Council upon nomination of the president and the members of the State Council upon nomination by the premier. Among the other responsibilities of the NPC is to “examine and approve” national

economic and social development plans and the state budget and to “decide on questions of war and peace.” The NPC also can alter or annul “inappropriate decisions” of the Standing Committee, approve the establishment of provincial-level units, and decide on the establishment of special administrative regions. The current chairman of the NPC Standing Committee, since March 2003, is Wu Bangguo, a former vice premier and current member of the Standing Committee of the Chinese Communist Party (CCP) Political Bureau.

When the full NPC is not in session, its Standing Committee, with a chairman, 14 (in 2005) vice chairmen, a secretary general, and members (153 in 2005, including the officers), is in session and holds broad legislative powers. Standing Committee members are not allowed to hold administrative, judicial, or procuratorial posts and, in practice, are often senior CCP and former state leaders and officials. As with the NPC membership, the chairman and vice chairmen serve no more than two consecutive terms. Other committees, which work under the direction of the Standing Committee, include Nationalities; Law; Finance and Economic; Education, Science, Culture, and Public Health; Foreign Affairs; Overseas Chinese; and other special committees.

Another quasi-constitutional consultative body that provides an institutional framework for interaction among the CCP, state organizations, and other social and political organizations is the Chinese People’s Political Consultative Conference (CPPCC). Members are distinguished scholars, educators, and intellectuals, key representatives of religious and minority nationality groups, leading members of political parties loyal to the CCP during the anti-Guomindang years, and representatives of Hong Kong, Macau, Taiwan, and Chinese overseas. The CPPCC typically meets once a year and has a standing committee that convenes when needed between sessions. The current chairman of the CPPCC is Jia Qinglin, a member of the CCP Political Bureau Standing Committee and ally of former CCP secretary general Jiang Zemin.

**Judicial Branch:** China’s highest court is the Supreme People’s Court. There also are people’s courts at provincial, local, municipal, and lower levels, as well as military courts and other special people’s courts. Constitutionally, the court system exercises judicial power independently and is technically free of interference from administrative organs, public organizations, and individuals. The Supreme People’s Court supervises the administration of justice by local courts and special courts, and courts at higher levels supervise the administration of courts at lower levels. At each level, the courts are “responsible to the organs of state power which created them.” Judges are limited to two consecutive terms running concurrently with the National People’s Congress or local people’s congresses.

Citizens have a constitutional guarantee of the right to use their own spoken and written language in court proceedings. Courts and procuratorates are told by the constitution that they “should provide translations for any party to the court proceedings who is not familiar with the spoken or written languages in common use in the locality.”

The procuratorates are “state organs for legal supervision” and operate at the same levels as the people’s courts. The highest organ is the Supreme People’s Procuratorate. The procurators serve as prosecutors or district attorneys and are limited to two consecutive terms running concurrently with the NPC or local people’s congresses.

**Administrative Divisions:** China has 22 provinces (*sheng*), 5 autonomous regions (*zizhiqu*), and 4 municipalities (*shi*). The provinces are, in the northeast: Heilongjiang, Jilin, and Liaoning; in the north: Shandong, Hebei, Shanxi, and Shaanxi; in central China: Jiangsu, Anhui, Henan, Hubei, and Zhejiang; in the south: Hunan, Jiangxi, Fujian, Guangdong, and Hainan (an island in the South China Sea); in the southwest: Guizhou, Yunnan, and Sichuan; and in the northwest: Gansu and Qinghai. The autonomous regions—Guangxi Zhuang, Tibet (Xizang), Xinjiang Uygur, Inner Mongolia, and Ningxia Hui—are in border areas with large non-Han ethnic minority populations from which they take their names or part of their names. The four municipalities—Beijing, Tianjin, Shanghai, and Chongqing—are controlled directly by the central government. China also has two special administrative regions (SARs), Hong Kong, which reverted from British control in 1997, and Macau, which reverted from Portuguese control in 1999. Beijing also claims Taiwan as a province.

**Provincial and Local Government:** The governors of China's provinces and autonomous regions and mayors of its centrally controlled municipalities are appointed by the central government in Beijing with the nominal consent of the National People's Congress (NPC). The Hong Kong and Macau special administrative regions (SARs) have some local autonomy, with separate governments, legal systems, and basic constitutional laws, but they come under Beijing's control in matters of foreign affairs and national security, and their chief executives are hand-picked by the central government. Below the provincial level in 2001 there were 67 rural prefectures, 265 prefecture-level cities, 393 county-level cities, and 1,600 counties. There were 662 cities (including those incorporated into the four centrally controlled municipalities) and 808 urban districts. Counties are divided into townships and villages. While most have appointed officials running them, some lower-level jurisdictions have popular direct elections. The organs of self-government of ethnic autonomous areas (regions, prefectures, and counties)—people's congresses and people's governments—exercise the same powers as their provincial-level counterparts but are guided additionally by the Law on Regional Ethnic Autonomy and require NPC Standing Committee approval for regulations they enact "in the exercise of autonomy" and "in light of the political, economic, and cultural characteristics of the ethnic group or ethnic groups in the areas."

**Special Administrative Regions:** China has two special administrative regions, Hong Kong (Xianggang in Putonghua) and Macau (Aomen in Putonghua). As a result of the First Anglo-Chinese War (1842), China ceded Hong Kong Island to the United Kingdom under the Treaty of Nanjing in 1842. In 1860 the British acquired in perpetuity the Kowloon (Jiulong) Peninsula under the Convention of Beijing. The remaining area, the New Territories, was leased for 99 years in 1898. The Sino-British Joint Declaration on the Question of Hong Kong was signed between the Chinese and British Governments in 1984. The entire colony was returned to Chinese sovereignty in 1997 as the Hong Kong Special Administrative Region (SAR). Although originally the 1,098-square-kilometer area was part of Guangdong Province, the Hong Kong SAR reports directly to the State Council in Beijing. The head of state of Hong Kong is the president of China, Hu Jintao. The head of government is a Beijing appointee, Chief Executive Tung Chee-hwa. Hong Kong, with 6.7 million people, has a partly popularly elected legislature and operates under the Basic Law, which embodies the principle of "one country, two systems" and states that the socialist system and policies shall not be practiced in Hong Kong; Hong Kong's previous capitalist system and life-style are to remain unchanged until 2047. The Basic

Law of the Hong Kong SAR was adopted on April 4, 1990, by the National People's Congress (NPC) and came into effect on July 1, 1997. Chinese and English are the official languages of Hong Kong.

The area that has come to be called Macau was long a maritime way station between China and India and regions farther west. Portugal first obtained a leasehold on the area from the Qing court in 1557, an arrangement through which China retained sovereignty. In 1844, without Beijing's concurrence, Lisbon made Macau an overseas province of Portugal. Although China recognized Macau as a Portuguese colony in an 1862 treaty signed with Portugal, the treaty was never ratified by China, and Macau was never officially ceded to Portugal. A protocol dealing with relations between China and Portugal was signed in Lisbon in 1887 confirming the "perpetual occupation and government" of Macau by Portugal (with Portugal's promise "never to alienate Macau and dependencies without agreement with China"). The islands of Taipa and Coloane also were ceded to Portugal, but the border of the Macau Peninsula with the mainland was not delimited. The Treaty of Commerce and Friendship (1888) recognized Portuguese sovereignty over Macau but was never ratified by China. In 1974 the new Portuguese government granted independence to all overseas colonies and recognized Macau as part of China's territory. In 1979 China and Portugal exchanged diplomatic recognition, and Beijing acknowledged Macau as "Chinese territory under Portuguese administration." A joint communiqué signed in 1986 called for negotiations on the Macau question, and four rounds of talks followed between June 30, 1986, and March 26, 1987. The Joint Declaration on the Question of Macau was signed in Beijing on April 13, 1987, setting the stage for the return of Macau to full Chinese sovereignty as a special administrative region on December 20, 1999.

Although originally the 26.8-square-kilometer area was part of Guangdong Province, the Macau SAR reports directly to the State Council in Beijing. The head of state of Macau is the president of China, Hu Jintao. The head of government is a Beijing appointee, Chief Executive Edmund H.W. Ho. Macau, with 443,000 people, has a partly popularly elected legislature and operates under the Basic Law of the Macau SAR, adopted by the NPC in 1993 and taking effect on December 20, 1999. Like the Basic Law of the Hong Kong SAR, Macau's basic law covers the relationship between the central government and Macau; the fundamental rights and duties of the residents; the political structure; the economy and cultural and social affairs; external affairs; and the amendment process. Chinese and Portuguese are the official languages of Macau.

**Cross-Strait Relations with Taiwan:** China considers Taiwan a province and an inalienable part of China, which has been separated from China since 1949 when the Guomindang (Nationalist Party) government of Jiang Jieshi (Chiang Kai-shek) fled there in the face of defeat by communist forces. Taiwan still controls one island that appertains to the mainland—Jinmen (Kinmen or Quemoy), which is part of Fujian Province. In Beijing matters dealing with Taiwan are handled by the Chinese Communist Party (CCP) Central Committee's Taiwan Work Office and the State Council's Taiwan Affairs Office. Beijing is adamantly opposed to independence or any quasi-state status for Taiwan and has alternated since the late 1970s between overtures for peaceful reunification and statements of resolution to use force to take back Taiwan if necessary. Beijing has called for resuming cross-strait negotiations, formally ending the state of hostility that has persisted since 1949, and addressing cross-strait problems through timely negotiations. During the reform period, China and Taiwan have allowed economic and trade exchanges, travel,

tourism, and other activities. A breakthrough was made in January 2005 when Beijing agreed to launch two-way, round-trip, and non-stop charter flights across the Taiwan Strait starting in February 2005.

**Judicial and Legal System:** China has a four-level court system. At the top is the Supreme People's Court in Beijing. Lower courts are the higher people's courts in provinces, autonomous regions and special municipalities; intermediate people's courts at the prefecture level and also in parts of provinces, autonomous regions, and special municipalities; and basic people's courts in counties, towns, and municipal districts. Special courts handle matters affecting the military, railroad transportation, water transportation, and forestry. The court system is paralleled by a hierarchy of prosecuting organs called people's procuratorates; at the apex stands the Supreme People's Procuratorate.

In 2004 the National People's Congress (NPC) amended the constitution so that, for the first time, the protection of the individual was a constitutional requirement. Specifically, articles 37 and 38 recognize the "freedom of the person" and the "personal dignity of citizens" as "inviolable." Although the 1997 Criminal Procedure Law allows the police to detain a person for up to 37 days before releasing or formally arresting him, more vigorous court reviews have led to the release of thousands of unlawfully detained individuals. However, although the law stipulates that the authorities must notify a detainee's family or work unit of his detention within 24 hours, in practice, timely notification is often ignored, especially in sensitive political cases. Police sometimes hold individuals without granting access to family members or lawyers, and trials are sometimes conducted in secret. Detained criminal suspects, defendants, their legal representatives, and close relatives are entitled to apply for bail, but, in practice, few suspects are released pending trial. The reeducation-through-labor system allows nonjudicial panels of police and local civil authorities to sentence individuals to up to three years in prison-like facilities. It has been reported that some detainees, usually political activists or dissidents, have been incarcerated in high-security psychiatric facilities for the criminally insane. Police and prosecutorial officials have been accused of ignoring due process provisions of the law and of the constitution.

The constitution provides for an independent judiciary, but the courts are subjected to party and government policy guidance that influences the outcome of verdicts and sentences. Conviction rates in criminal cases in the early 2000s were approximately 90 percent, and trials generally were little more than sentencing hearings. Although most suspects in criminal cases are legally guaranteed the right to counsel, they often meet their appointed attorney only when the case is first brought to court, and the best that a defense attorney can achieve is to obtain a reduction in the sentence. In many politically sensitive trials, which rarely last more than several hours, the courts hand down guilty verdicts immediately following proceedings. Death sentences are often carried out within days of the rejection of an appeal.

**Electoral System:** Under the Organic Law of the Village Committees, all of China's approximately 1 million villages are expected to hold competitive, direct elections for subgovernmental village committees. A 1998 revision to the law called for improvements in the nominating process and improved transparency in village committee administration. The revised law also explicitly transferred the power to nominate candidates to the villagers themselves, as

opposed to village groups or Chinese Communist Party (CCP) branches. According to the Ministry of Civil Affairs, as of 2003 the majority of provinces had carried out at least four or five rounds of village elections. Deputies to local people's congresses of provinces, centrally administered municipalities, and cities divided into districts are elected by the people's congress at the next lower level. Deputies to people's congresses of counties, cities not divided into districts, municipal districts, townships, ethnic townships, and towns are elected directly by their constituencies to five-year terms. The local congresses each have corresponding standing committees that exercise legislative authority when the full congresses are not in session. Some townships and urban areas also have experimented with direct elections of local government leaders, and local people's congress have the constitutional authority to recall the heads and deputy heads of government at the provincial level and below. The constitution does not specify how deputies to the people's congresses of the autonomous regions, autonomous prefectures, and autonomous counties are chosen. Elected leaders, however, remain subordinate to the corresponding CCP secretary, and most are appointed by higher-level party organizations. Although China's constitution guarantees suffrage for citizens age 18 and older, the CCP maintains a close watch on electoral democracy at the grassroots levels and controls the outcome of elections at other levels.

**Politics and Political Parties:** After its founding in July 1921, the Chinese Communist Party (CCP) had only 57 members and no influence. By June 2002, the CCP had 66.4 million members and maintained control of all political, governmental, and military organs. Although political reform was not among the Four Modernizations promulgated in earnest after 1978, the CCP has allowed greater participation by nonparty members in economic and social developments. Within the party, the CCP practices what it calls "democratic centralism," which, in effect, means the minority follows the decisions of the majority, each level follows the directives of the next highest level, and all follow the lead of the party center. The CCP's national congress constitutionally is the party's highest body. It is held every five years and usually prior to the National People's Congress. However, to operate, it elects a Central Committee, which in turn elects (or approves) the members of the Political Bureau and that organ's even more elite Standing Committee. The current Central Committee has 198 members and 158 alternate members. The Political Bureau has 24 members, and its Standing Committee has nine members, including Hu Jintao, who became CCP general secretary in November 2002, succeeding Jiang Zemin. Of its 66.4 million members, 25 percent are women, only 6.1 percent are members of minority nationalities, and 23.1 percent are under age 35. Unlike the largely peasant, worker, and military veteran party of the past, 29.2 percent are high-school graduates, 17.8 percent of CCP members have college degrees, and 0.5 percent have graduate degrees.

When Mao Zedong led the party, from 1935 to his death in 1976, he held the position of CCP chairman. His immediate and short-term successor, Hua Guofeng, also held the title of chairman, as did Hua's successor in 1981, Hu Yaobang, who held the title for a short time until the position was abolished at the CCP Twelfth Party Congress in September 1982, and the general secretary became the most powerful position in the party. Deng Xiaoping, despite being the paramount leader in China in the post-Mao era, never held the top party or state positions. Instead, he allowed more junior leaders to hold these positions. When Deng's longest-term successor, Jiang Zemin, retired in stages between 2002 and 2004, he appeared to have assumed a similar behind-the-throne position of influence.

Day-to-day management of the CCP is carried out by a central secretariat and various functional departments. The departments are the International Liaison Department, United Front Work Department, Organization Department, Propaganda Department, and Party Central Academy. Party secretaries are found at all levels of government and the military, and in industries, academia, and other parts of society. In 2004 the CCP reported it had more 3.3 million party branches throughout the nation. Its main organs are the daily newspaper *Renmin Ribao* (People's Daily) and the theoretical semimonthly journal *Qiu Shi* (Seeking Truth, formerly titled *Hongqi*, or Red Flag).

China also has so-called democratic parties, those parties that were loyal to the CCP in the pre-1949 period and continued to function within the structure of the Chinese People's Political Consultative Conference (CPPCC). These parties are the China Association for Promoting Democracy, China Democratic League, China Democratic National Construction Association, China Zhigongdang (Party for Public Interest), Chinese Peasants' and Workers' Democratic Party, Jiusan (September Third, a reference to the defeat of Japan in 1945) Society, Guomindang Revolutionary Committee, and Taiwan Self-Government League. An independent opposition party, the China Democracy Party, has been banned since 1998 and its leaders arrested.

**Mass Media:** China's electronic mass media are regulated by the State Administration of Radio, Film, and Television, a subordinate agency of the Ministry of Information Industry. The Chinese Communist Propaganda Department traditionally has played a large role as arbiter of what is appropriate and allowed to be broadcast. The People's Broadcasting Station transmits radio broadcasts in standard Chinese (Putonghua) and various dialects and minority languages throughout China. In 2001 there were 265 FM and 680 AM domestic radio stations in operation throughout China. Many stations had Internet access to some broadcasts. China National Radio, headquartered in Beijing, broadcasts in Chinese, Kazakh, Korean, Mongolian, Tibetan, and Uygur. China Radio International, also headquartered in Beijing with branches in major cities for domestic service, broadcasts in 43 foreign languages and Chinese dialects. Television service is provided by China Central Television (CCTV) in Beijing. It has extensive local daily programming and Internet access to scheduling, reviews, and programming. In 2001 CCTV had 33 local affiliates, along provincial lines, with areas such as Fujian and Shanghai having two stations. China Education Television (CETV) is used for distance learning.

The government has been active in regulating newspapers in the twenty-first century. Although foreign investment in local news media was allowed in 2002, the government closed down 673 unprofitable state-run newspapers in 2003, and in 2004 it banned all newspapers and periodicals selling subscriptions. The major newspaper is *Renmin Ribao* (People's Daily). It was established in 1948 as the main organ of the Chinese Communist Party and has a print circulation of nearly 2.2 million and offers overseas editions and Internet access. Other major newspapers, published in Beijing unless otherwise noted, include *Gongren Ribao* (Workers' Daily), *Nongmin Ribao* (Farmers' Daily), *Zhongguo Qingnian Bao* (China Youth News), *Jiefang Ribao* (Liberation Daily, published in Shanghai), *Nanfang Ribao* (Southern Daily, published in Guangzhou), *Guangming Ribao* (Bright Daily), *Jiefangjun Bao* (Liberation Army Daily), and *Zhongguo Ribao* (China Daily). These newspapers have circulations of between 300,000 and 2.5 million and also offer Internet access.



China produced 170,962 book titles and 6.8 million books in 2002 and published 2,137 newspapers with a total average circulation of 187.2 million. Even more widely distributed were China's 9,029 magazines, which in 2002 experienced an average circulation of 204 million copies. Both newspapers and magazines typically are read by multiple readers, and newspapers often are posted on bulletin boards in public places where hundreds may read the same copy each day.

The Ministry of Information Industry regulates access to the Internet while the Ministry of Public Security and the Ministry of State Security monitor its use. A broad range of activities that authorities interpret as subversive or as slanderous to the state, including the dissemination of any information that might harm unification of the country or endanger national security, are prohibited by various laws and regulations. Promoting "evil cults" (a term used for Falun Gong) is banned, as is providing information that "disturbs social order or undermines social stability." Internet service providers (ISPs) are allowed to use only domestic media news postings. But they also record information useful for tracking users and their viewing habits, install software capable of copying e-mails, and immediately end transmission of material considered subversive. As a result, many ISPs practice self-censorship to avoid violations of the broadly worded regulations.

**Foreign Relations:** At a national meeting on diplomatic work in August 2004, China's president, Hu Jintao, reiterated that China will continue its "independent foreign policy of peaceful development." He stressed the need for a peaceful and stable international environment, especially among China's neighbors, that will foster "mutually beneficial cooperation" and "common development." This policy line was more or the less the same as it had been since the People's Republic was established in 1949, with rhetoric varying during periods of more strident domestic political upheaval.

At its inception, the People's Republic had a close relationship with the Soviet Union and the Eastern Bloc nations. Among other agreements, the China-Soviet Treaty of Friendship, Alliance, and Mutual Assistance was signed in 1950. The United States and the West were its chief antagonist. The 1950–53 Korean War waged by China and its North Korea ally against the United States, South Korea, and the United Nations forces, has long been a reason for bitter feelings. By the late 1950s, relations between China and the Soviet Union had become divisive, and in 1960 the Soviets unilaterally withdrew their advisers from China. The two then began to vie for allegiances among the developing world nations, of which China saw itself as a natural champion through its role in the Non-Aligned Movement and the numerous bilateral and bi-party relations it developed. By 1969 Beijing was so at odds with Moscow that fighting broke out along their common border. China lessened its anti-Western rhetoric and began developing formal diplomatic relations with West European nations.

Around the same time that Beijing succeeded in gaining China's seat in the United Nations (thus ousting the Republic of China on Taiwan) in 1971, relations with the United States began to thaw. In 1973 the president of the United States, Richard M. Nixon, visited China. Formal diplomatic relations were established in 1978, and the two nations have experienced more than a quarter century of varying degrees of sometimes amiable and often wary relations over such

contentious issues as Taiwan, trade balances, intellectual property rights, nuclear proliferation, and human rights.

China's relations with its Asian neighbors have become stable during the last decades of the twentieth century. Despite a border war with India in 1962 and general distrust between the two (mostly over China's close relationship with Pakistan and India's with the former Soviet Union), in the early 2000s relations between the world's two largest nations have never been better. China had long been a close ally of North Korea but also found a valuable trading partner in South Korea and eventually took a role in the early 2000s as a proponent of "six-party talks" (North Korea, South Korea, Russia, Japan, the United States, and China) to resolve tensions on the Korean Peninsula. Japan, with its large economic and cultural influences in Asia, is seen by China as its most important opponent and partner in regional diplomacy. The two sides established diplomatic relations in 1972, and Japanese investment in China was important in the early years of China's economic reforms and ever since. Having fought two wars against Japan (1894–95 and 1936–45), China's long-standing concern about the level of Japan's military strength surfaces periodically, and criticism of Japan's refusal to present a full version of the atrocities of World War II in its textbooks is a perennial issue. China has stable relations with its neighbors to the south. A border war was fought with its one-time close friend Vietnam in 1979, but relations have improved since then. A territorial dispute with its Southeast Asian neighbors over islands in the South China Sea remains unresolved as does one in the East China with Japan.

The end of the long-held animosity between Moscow and Beijing was marked by the visit to China by Soviet President Mikhail Gorbachev in 1989. After the 1991 demise of the Soviet Union, China's relations with the Russian Federation and the former states of the Soviet Union became friendly. A new round of bilateral agreements was signed during reciprocal head of state visits. As it was in the 1950s with the Soviet Union, Russia has become an important source of military matériel for China, as well as for raw materials and trade. Friendly relations with Russia have been an important offset for China in its often uneasy relations with the United States. Relations with Europe, both Eastern and Western, generally have been friendly in the early twenty-first century, and, indeed, close political and trade relations with the European Union (EU) nations has been a major thrust in China's foreign policy in the 2000s.

Although committed to good relations with the nations of the Middle East, Africa, and Latin America, in the twenty-first century China finds perhaps the greatest value in these areas as markets and sources of raw materials. The years of solidarity with revolutionary movements in these regions have long been replaced by efforts to cultivate normal diplomatic and economic relations.

**Membership in International Organizations:** China holds a permanent seat, which affords it veto power, on the Security Council of the United Nations (UN). Prior to 1971, the Republic of China on Taiwan held China's UN seat, but, as of that date, the People's Republic of China successfully lobbied for Taiwan's removal from the UN and took control of the seat. China is an active member of numerous UN system organizations, including the UN General Assembly and Security Council; Food and Agriculture Organization of the UN; UN Conference on Trade and Development; UN Educational, Scientific, and Cultural Organization; UN Office of the High

Commissioner for Refugees; UN Industrial Development Organization; UN Institute for Training and Research; UN Monitoring, Verification, and Inspection Commission; and UN Truce Supervision Organization. China also holds memberships in the African Development Bank, Asian Development Bank, Asia Pacific Economic Cooperation, Association of Southeast Asian Nations (dialogue partner), Association of Southeast Asian Nations Regional Forum, Bank for International Settlements, Caribbean Development Bank, Group of 77, International Atomic Energy Agency, International Bank for Reconstruction and Development, International Chamber of Commerce, International Civil Aviation Organization, International Criminal Police Organization, International Development Association, International Federation of Red Cross and Red Crescent Societies, International Finance Corporation, International Fund for Agricultural Development, International Hydrographic Organization, International Labour Organization, International Maritime Organization, International Monetary Fund, International Olympic Committee, International Organization for Migration (observer), International Organization for Standardization, International Red Cross and Red Crescent Movement, International Telecommunication Union, Latin American Integration Association (observer), Non-Aligned Movement (observer), Organisation for the Prohibition of Chemical Weapons, Permanent Court of Arbitration, Shanghai Cooperation Organization, Universal Postal Union, World Customs Organization, World Health Organization, World Intellectual Property Organization, World Meteorological Organization, World Tourism Organization, World Trade Organization, and Zangger Committee.

**Major International Treaties:** The People's Republic of China has signed numerous international conventions and treaties. Treaties signed on behalf of China before 1949 are applicable only to the Republic of China on Taiwan. Conventions signed by Beijing include: Assistance in Case of a Nuclear Accident or Radiological Emergency Convention; Biological and Toxin Weapons Convention; Chemical Weapons Convention; Conventional Weapons Convention; Early Notification of a Nuclear Accident Convention; Inhumane Weapons Convention; Nuclear Dumping Convention (London Convention); Nuclear Safety Convention; Physical Protection of Nuclear Material Convention; Rights of the Child and on the Sale of Children, Child Prostitution, and Child Pornography Convention (signed Optional Protocol); and Status of Refugees (and the 1967 Protocol) Convention. Treaties include the Comprehensive Test Ban Treaty (signed but not ratified); Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous, or Other Gases, and of Bacteriological Methods of Warfare (Geneva Protocol); Treaty on the African Nuclear-Weapon-Free Zone (Treaty of Pelindaba, signed protocols 1 and 2); Treaty on the Non-Proliferation of Nuclear Weapons; Treaty on Outer Space; Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (Treaty of Tlatelolco, signed Protocol 2); Treaty on Seabed Arms Control; and Treaty on the South Pacific Nuclear-Free Zone (Treaty of Rarotonga, signed and ratified protocols 2 and 3). China also is a party to the following international environmental conventions: Antarctic-Environmental Protocol, Antarctic Treaty, Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Law of the Sea, Marine Dumping, Ozone Layer Protection, Ship Pollution, Tropical Timber 83, Tropical Timber 94, Wetlands, and Whaling.

## NATIONAL SECURITY

**Armed Forces Overview:** The armed forces of China are officially and collectively known as the People's Liberation Army (PLA). The ground forces are referred to simply as the PLA, but the navy is called the PLA Navy and the air force is known as the PLA Air Force. The PLA's independent strategic missile forces are often referred to as the PLA Second Artillery Corps. The Chinese Communist Party (CCP) Central Military Commission sets policy for the PLA. The commission, which is chaired by China's president, Hu Jintao, has three vice chairmen, each a general in the PLA ground forces, and seven members representing various components of the PLA. Operational control is administered dually by the CCP Central Military Commission and the State Central Military Commission and the Ministry of National Defense. PLA headquarters is organized into the General Staff Department, General Political Department, General Logistics Department, and General Armaments Department. In 2004 active-duty forces totaled 2.2 million. Of these, an estimated 1.7 million are in the ground forces, 250,000 in the navy (including 26,000 naval aviation, 10,000 marines, and 28,000 coastal defense forces), an estimated 400,000 to 420,000 in the air force, and between 90,000 and 100,000 in the strategic missiles forces. There are an estimated 500,000 to 600,000 reservists and an estimated 1.5 million paramilitary forces in the People's Armed Police.

The Central Military Commission of the People's Republic of China is constitutionally different from the Central Military Commission of the Chinese Communist Party. According to Article 93 of the state constitution, the state Central Military Commission "directs the armed forces of the country and is composed of a chairman (currently Hu Jintao since June 2004), vice chairmen, and members, with terms running concurrently with the National People's Congress. The commission is responsible to the NPC and its Standing Committee.

**Foreign Military Relations:** China sold US\$800 million worth of arms and military equipment to a variety of nations in 2002, making it the world's fifth largest arms supplier after the United States, United Kingdom, Russia, and France. Among its principal clients have been Algeria, Egypt, Iran, Kuwait, Pakistan, and Yemen. China also provides military assistance to other countries, such as Fiji, Papua New Guinea, Tonga, and Vanuatu. The China North Industries Group Corporation (CNGC, often called NORINCO), China's main defense producer, has some 100 joint ventures and more than 80 overseas offices and branches in 30 countries and regions involved in military and dual-use technology production and sales. China is also a major arms buyer, mostly naval and air force equipment from Russia. In 2004 China gave unprecedented access to senior foreign military officers at a PLA military demonstration in Henan Province. Officers from 15 Asian nations and Russia were present.

China is a member of the Shanghai Cooperation Organization (SCO), a joint effort with Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The SCO was established as the Shanghai Five when the partners signed agreements on strengthening mutual trust in military fields in border areas in 1996 and on mutual reduction of military forces in border areas in 1997. After the September 11, 2001, terrorist attacks on the United States and the entry of U.S. and North Atlantic Treaty Organization (NATO) forces into Central Asia, the SCO was formed and members began to hold joint counterterrorism military exercises. In 2004 the SCO initiated a regional antiterrorism structure to crack down on various transnational terrorist and criminal

activities. China also has held joint naval and counterterrorism exercises with Pakistan. The naval exercise occurred in the East China Sea and was the first such drill with a foreign counterpart, as Chinese sources put it, “in a non-traditional security field.” The antiterrorism exercise, which was held in Xinjiang Uygur Autonomous Region, involved border guards from both sides.

**External Threat:** While recognizing the problems of territorial disputes with its neighbors and the dangers of periodic tensions on the Korean Peninsula and across the Taiwan Strait, the main threat perceived by China is from the United States. Beijing sees the United States as maintaining its Cold War policy toward China and the Asia-Pacific region and stressing ideological differences and how they relate to security issues that cause concern in the region. Washington’s attitude, in turn, intensifies tension and leads to turmoil. Post-Soviet Russia is fairly benign in China’s view, and relations have improved significantly from the days of border conflicts and high-level tension. Concerns about the remilitarization of Japan also come to the fore on occasion. Transnational crime, terrorism, separatism, and contradictions among nations all contribute to security concerns for China.

**Defense Budget:** The defense budget for 2003 was estimated at US\$22.4 billion. Defense expenditures for 2002 were estimated at US\$48.4 billion but probably rose as high as US\$51 billion when considering nondefense budget items that supported the defense establishment. At US\$48.4 billion, China’s defense expenditures were a distant second in the world after the United States and just ahead of Russia, representing US\$37 per capita or 4.1 percent of gross domestic product (GDP) in 2002. Estimates for 2003 showed an increase to US\$60 billion in defense expenditures, representing between 3.5 and 5 percent of GDP.

**Major Military Units:** The PLA ground forces are organized into 7 military regions (Shenyang in the northeast, Beijing in the north, Lanzhou in the west, Chengdu in the southwest, Guangzhou in the south, Jinan in central China, and Nanjing in the east), 28 provincial military districts, 4 garrison commands (coinciding with the centrally administered municipalities of Beijing, Tianjin, Shanghai, and Chongqing), and 21 integrated group armies. The group armies have strengths between 30,000 and 65,000 troops. Each group army typically has two or three infantry divisions, one armored division or brigade, one artillery division or brigade, one joint surface-to-air missile or antiaircraft artillery brigade or just an antiaircraft artillery brigade.

The PLA Navy is organized into North Sea (headquartered at Qingdao, Shandong Province), East Sea (headquartered at Ningbo, Zhejiang Province), and South Sea (headquartered at Zhanjiang, Guangdong Province) fleets. Each fleet has destroyer, submarine, and coastal patrol flotillas, as well as naval air stations and possibly amphibious flotillas. There are numerous major naval bases: the North Sea Fleet has 7, the East Sea Fleet 8, and the South Sea Fleet 16.

The PLA Air Force has 5 air corps and 32 air divisions. The major air force headquarters coincide with the seven military regions. The air force has more than 140 air bases and airfields, including ready access to China’s major regional and international airports.

The strategic missile forces, or Second Artillery Corps, are organized into six missile divisions based in the military regions, with the central headquarters at Qinghe, north of Beijing. There

also are training and testing bases. The six operational bases had between 21 and 23 launch brigades in 2004.

**Major Military Equipment:** The PLA's major ground forces equipment includes an estimated 7,000 main battle tanks, 1,200 light tanks, 5,000 armored personnel carriers, 14,000 pieces of towed artillery, 1,700 pieces of self-propelled artillery, 2,400 multiple-rocket launchers, 7,700 air defense guns, 6,500 antitank guided weapons, and unspecified numbers of mortars, surface-to-surface and surface-to-air missiles, recoilless rifles, rocket launchers, and antitank guns. The ground forces also have an estimated 321 helicopters and an unspecified number of unmanned air vehicles and surveillance aircraft.

Among its principal combatant ships, the navy has 68 submarines (many of which are slated for decommissioning in the mid-2000s). One is a Xia class submarine-launched ballistic missile (SSBN) force strategic-capability submarine. There are plans for more advanced SSBNs by the end of the decade. The navy also has an estimated 21 destroyers and 42 frigates, as well as 368 fast-attack craft, 39 mine warfare ships, 10 hovercraft, 6 troop transports, 19 landing-ship/tank ships, 37 medium landing ships, 45 utility landing craft, 10 air-cushioned landing craft, 163 support and miscellaneous craft, 8 submarine support ships, 4 salvage and repair ships, 29 supply ships, 1 multirole aviation ship, and about 700 land-based combat aircraft and 45 armed helicopters. China also has plans to launch a 40,000-ton aircraft carrier by 2010.

The PLA Air Force has some 1,900 combat aircraft, including armed helicopters. The inventory includes 180 bombers, more than 950 fighters and 838 ground attack fighters, an estimated 290 reconnaissance/electronic intelligence aircraft, an estimated 513 transports, an estimated 170 helicopters, some 200 training aircraft, and an unmanned aerial vehicle. Weapons include air-to-air missiles and ground-based air defense artillery using surface-to-air missiles and antiaircraft artillery.

The strategic missile forces have in their inventory 20 or more intercontinental ballistic missiles (ICBMs), between 130 and 150 intermediate-range ballistic missiles, one Xia class submarine carrying 12 submarine-launched ballistic missiles, and about 335 or more short-range ballistic missiles.

**Military Service:** There is selective conscription of two years for all the services starting at age 18 for males. In 2004 there were some 136,000 women in the armed forces.

**Paramilitary Forces:** The principal paramilitary organization is the People's Armed Police Force. There are militia forces of indeterminate strength under the control of the Chinese Communist Party (CCP). Once a critical part of Mao Zedong's "people's war" strategy, militia units are no longer an essential part of China's military and have mostly disbanded.

**Military Forces Abroad:** In 2004 China deployed 95 riot police officers as part of a 125-member unit to Haiti for the United Nations Stabilization Mission in Haiti (MINUSTAH), a nation with which Beijing does not have diplomatic relations. As of that time, China had deployed 297 peacekeepers to five other nations, including East Timor, Bosnia-Herzegovina, Liberia, Afghanistan, and the autonomous province of Kosovo in Serbia and Montenegro. China

also has sent peacekeeping observers to Ethiopia and Eritrea, various Middle Eastern countries, Democratic Republic of the Congo, Sierra Leone, and Western Sahara. It is a formal participant in the UN Mission for the Referendum in Western Sahara, UN Organization Mission in the Democratic Republic of the Congo, UN Mission in Sierra Leone, UN Mission in Ethiopia and Eritrea, and UN Mission in Liberia.

**Police and Internal Security:** The security apparatus is made up of the Ministry of State Security and the Ministry of Public Security, the People's Armed Police, the People's Liberation Army (PLA), and the state judicial, procuratorial, and penal systems. The Ministry of Public Security oversees all domestic police activity in China, including the People's Armed Police Force. The ministry is responsible for police operations and prisons, and has dedicated departments for internal political, economic, and communications security. Its lowest organizational units are public security stations, which maintain close day-to-day contact with the public. The People's Armed Police Force, with its estimated total strength of 1.5 million personnel, is organized into 45 divisions. These include internal security police, border defense personnel, guards for government buildings and embassies, and police communications specialists.

The Ministry of State Security was established in 1983 to ensure "the security of the state through effective measures against enemy agents, spies, and counterrevolutionary activities designed to sabotage or overthrow China's socialist system." The ministry is guided by a series of laws enacted in 1993, 1994, and 1997 that replaced the so-called counterrevolutionary crime statutes. The ministry's operations include intelligence collection, both domestic and foreign. Arrests on charges of revealing state secrets, subversion, and common crimes have been used by authorities to suppress political dissent and social advocacy.

**Internal Threat and Terrorism:** Although the outlawed Falun Gong movement is seen by the government as the major internal threat and its members are actively pursued by the People's Armed Police Force, it is not classified as a terrorist group, and it has not committed or sponsored acts of violence. Muslim separatists in Xinjiang Uygur Autonomous Region present China with its most significant terrorist threat, which emerged in the late 1980s. In 2003 Beijing published an "East Turkistan Terrorist List," which labeled organizations such as the World Uighur Youth Congress and the East Turkistan Information Center as terrorist entities. These groups openly advocate independence for "East Turkestan" but have not been publicly linked to violent activity. The separatists have resorted to violence, bomb attacks, assassinations, and street fighting. Beijing responds to these attacks with police and military action. During the summer of 2004, elite troops from China and Pakistan held joint antiterrorism exercises in Xinjiang. The exercise was aimed against the East Turkistan Islamic Movement, an organization listed as terrorist by China, the United States, and the United Nations. This and other Uygur separatist groups reportedly were trained in Afghanistan to fight with the Taliban and al Qaeda. The East Turkistan Islamic Movement was established in 1990 and has links to the Islamic Movement of Uzbekistan, which operates throughout Central Asia. Premier Wen Jiabao joined leaders of other Asian and European nations in Hanoi for the October 2004 Asia-Europe Meeting (ASEM) in Hanoi, where the delegates reaffirmed their call for a war on terrorism led by the United Nations.

**Human Rights:** Article 34 of China's constitution says that the "state respects and guarantees human rights" and that "every citizen is entitled to the rights and at the same time must perform the duties prescribed by the constitution and the law." The following article guarantees "freedom of speech, of the press, of assembly, of association, of procession and of demonstration."

Compared to the earlier years of stringent rule by the Maoist regime, China's citizens enjoy a much wider range of human rights and basic exercise of their constitutional freedoms. Although tightly regulated, the mass media are relatively more freewheeling than in the past. Economic reforms have brought a new measure of individual expression, wealth, and influence to some. Police reports from China indicate that the number and size of public protests have grown rapidly since the early 1990s. Such protests are now counted in the tens of thousands. For example, police recorded 32,000 protests in 1999 alone.

However, citizens cannot express opposition to the Chinese Communist Party (CCP)-led political system and do not have the right to change their national leaders or form of government. Socialism is still the theoretical basis of national politics and, although Marxist economic planning gave way to pragmatism, economic decentralization has increased the authority of local officials. The party's authority rests primarily on the government's ability to maintain social stability; appeals to nationalism and patriotism; party control of personnel, media, and the security apparatus; and continued improvement of living standards. Although the constitution provides for an independent judiciary, in practice the government and the CCP, at both the central and local levels, frequently intercede in the judicial process and direct verdicts in many high-profile cases. While the number of religious believers in China continues to increase, government respect for religious freedom has remained poor. The mass media are regulated and managed by the government, which controls the broadcast media, has censored foreign television broadcasts, and at times has jammed radio signals from abroad. In 2003 some publications were closed and otherwise disciplined for publishing material deemed objectionable by the government, and journalists, authors, academics, and researchers were reportedly harassed, detained, and arrested by the authorities.

Under party guidance, civilian authorities generally maintain effective control of the security forces, but, according to data provided by the U.S. Department of State, security personnel are responsible for numerous human rights abuses. Despite the growing number of protests that have occurred in China and continued legal reforms, in 2003 arrests took place of individuals discussing sensitive subjects on the Internet, health activists, labor protesters, defense lawyers, journalists, underground church members, and others seeking to take advantage of the government-fostered reforms. Abuses included instances of extrajudicial killings, torture and mistreatment of prisoners, forced confessions, arbitrary arrest and detention, lengthy incommunicado detention, and denial of due process. In the same year, more than 250,000 persons were incarcerated in "reeducation-through-labor" camps, serving sentences not subject to judicial review. Moreover, some 500 to 600 individuals were serving sentences for the now-repealed crime of counterrevolution, and an estimated 2,000 persons remained in prison in 2003 for their activities during the June 1989 Tiananmen demonstrations, which were violently suppressed by the People's Liberation Army (PLA). China has active human rights dialogues with numerous countries, including Australia, Brazil, Canada, Chile, Germany, Hungary, Japan, Norway, Switzerland, the United Kingdom, and the United States, as well as with the European Union.